

WORLD NEWS

Japan in crisis over premiership

Japan was in fresh political ferment yesterday after elder statesman Masayoshi Tomioka turned down the job of prime minister.

This refusal leaves leaders of the ruling Liberal Democratic Party searching for someone else prepared to step into the shoes of Noboru Takeshita, who has been forced to resign over the Recruit shares scandal. Page 24

Troops leave for Panama
The first US troop reinforcements began flying out to Panama on President George Bush's instructions to protect US citizens in the country. Panama alleges Venezuela, Page 3

Apartheid reform pledge
South Africa's ruling National Party leader F W De Klerk promised to revive the Government's apartheid reform programme but dismissed any possibility of black majority rule. Page 4

Moore under attack
Opposition MPs and lobby groups round on Services Secretary John Moore for claiming that pressure groups exaggerated the scale of poverty in Britain. His Labour opposite number, Robin Cook, said it was a sick joke to tell those on the lowest incomes that they were not poor. Page 4

Deal on historic theatre
The remains of the Elizabethan Rose Theatre in Southwark, London, will be preserved and protected under a new office block, but archaeologists say important historic evidence will be lost. Page 4

Chinese Moslems march
Thousands of Moslem students marched through Peking protesting against a Chinese book they claimed was an insult to Islam. The demonstration had police permission. Page 4

Greek extradition
The Greek Supreme Court ruled that Palestinian guerrilla suspect Mohammed Bassam should be handed over to the US for trial. He is accused of planting a bomb on a Pan American airliner which exploded over Hawaii in 1982.

Rushdie rejects offer
Salman Rushdie, the author who has been in hiding since Iranian death threats provoked by *The Satanic Verses*, has turned down an invitation to stand in June as a candidate in June's European Parliament elections. Page 4

Four convicted
Four men were found guilty of killing Jason Swift, 14. The boy, who had run away from home, was strangled during a brutal homosexual attack in an east London flat in 1985. His killers will be sentenced on Monday.

Air fares forecast
Transport Secretary Paul Channon ventured a guess that European air fares might fall by 15 per cent after further deregulation. Tories attack Prestwick plan. Page 4

Hong Kong shortage
Booming Hong Kong is to import 3,000 skilled workers to alleviate its acute labour shortage. The territory has more than 10,000 job vacancies for technicians and craftspeople.

Suspects detained
Police investigating the Tern Hill barracks bombing were granted magistrates' permission to hold a third Irishman for an extra 24 hours for questioning. Page 4

Train wrecks homes
Wagons from a derailed goods train crashed down an embankment near San Bernardino, California, and wrecked 13 houses. At least two people are thought to have been killed. Page 4

MARKETS

	DOLLAR	STOCK BRIDGES
New York lunchtime:	New York lunchtime	FT-SE 100
\$1.661	Doll. 9195	FT 215.7 (+25.1)
London:	DM1.649	FT Ordinary
\$1.655 (1.6555)	SF1.7155	178.1 (+20.4)
DM3.125 (3.1255)	Y138.15	FT-A All Share
FT 10.77 (10.7725)	109.8 (+15%)	FT-A long gilt yield
SFY 2.85 (2.84)	1.919 (1.9315)	Index high coupon
Y225.5 (225.25)	FTF 16.49 (1.47)	0.4 (0.44)
£ index 95.2 (95.1)	SF 1.7175 (1.7065)	New York lunchtime
DM 1.918 (1.9315)	Y135.9 (135.2)	Tokyo close: Y135.8
DM 1.918 (1.9315)	DM 1.918 (1.9315)	FT Ind: Av: 2427.23
DM 1.918 (1.9315)	FT Ind: Av: 2427.23	Tokyo Nikkei
DM 1.918 (1.9315)	FT Ind: Av: 2427.23	Y388.55 (-215.16)
DM 1.918 (1.9315)	FT Ind: Av: 2427.23	London MONEY
DM 1.918 (1.9315)	FT Ind: Av: 2427.23	3-month interbank:
DM 1.918 (1.9315)	FT Ind: Av: 2427.23	closing 12.22% (12.1)
DM 1.918 (1.9315)	FT Ind: Av: 2427.23	8.63%

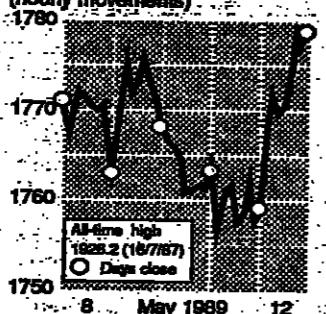
BUSINESS SUMMARY

Coats bid for Tootal agreed by board

COATS VYELLA, British textile group, will become the biggest force in the world market for sewing thread if its £235m agreed bid for rival Tootal succeeds. The Tootal board agreed to recommend the offer, which values its shares at £3.40, and ends months of takeover speculation. Page 24 and Lex

SHARE PRICES in the UK were boosted by favourable news on US retail sales, which soothed worries over the outlook for global interest rates. The FT Ordinary index rose

FT index
Ordinary share
(hourly movement)



20.4 to 21.781, and the FT-SE Index jumped 2.5 to 3,185.7. London Stock Exchange. Page 12

HIGH-TECH exports from Britain to EC and other non-communist countries will in many cases no longer need export licences, under sweeping reforms announced by the Department of Trade and Industry. Page 24

GATEWAY, British food retailer, attacked the £1.73bn bid from the newly-formed Soskies company, which it claimed could afford a 210p a share offer "not a price that could be recommended for a growing company estimating record profits". Page 10

EVOLVE, plastics and chemicals group, won the £25m bid battle for Gloucester Pthins, shoe components and adhesives group. By the bid closes, it owned or had acceptances for 53.1 per cent of the equity, compared with 30.7 per cent won by its rival Bowater Industries, packaging and industrial products group. Page 19

JAPANESE companies not listed on the Tokyo Stock Exchange are to be allowed to raise capital through public offerings. The decision followed complaints that foreign companies in Japan had to comply with strict requirements when issuing public offerings, whereas Japanese companies in the US or Europe did not. Page 13

OGIEVY GROUP, US advertising company, said it was no longer resisting a takeover by WPP Group of the UK, and said a sale for more than \$200m (125m) was being discussed. Page 10

PAPUA New Guinea's government has given an international consortium the right to mine one of the world's rich gold deposits, at Porgera, after seven months of talks. Page 12

UNILEVER, Anglo-Dutch consumer products group, increased pre-tax profits by 9 per cent to £232m in the first quarter of 1989. Page 10; Lex

PUMA, West German sports shoe and clothing company, is expected to be taken over by Cosm Liedermann, Hong Kong-based international trading group. Page 12

HANES should draw up a voluntary code of practice, said Sir Gordon Borrie, Director General of Fair Trading. If they did not, the Government should impose a set of rules. Page 4

The white paper, Roads for Prosperity, will set out the

Bush challenges Moscow to tear down Iron Curtain

By Lionel Barber in Washington

US PRESIDENT George Bush yesterday challenged the Soviet Union to fulfil its commitment to better relations with the West by tearing down the Iron Curtain and agreeing to open its airspace to regular surveillance of military activities.

In his first major address on East-West relations, Mr Bush said he was renewing a proposal in 1985 by President Dwight Eisenhower of "Open Skies", under which the superpowers would open their airspace to unarmed surveillance flights.

The Soviets rejected the proposal at the time, but Mr Bush said: "Such unprecedented territorial access would show the world the meaning of the concept of openness. The very Soviet willingness to embrace such a concept would reveal their commitment to change."

The text of his speech was released before he was due to deliver it to students at Texas A&M University.

Throughout the speech, Mr Bush played down the importance of arms control in the superpower relationship. He noted this week's agreement by the US to resume strategic arms talks with the Soviets, and said the US supported

Containment had worked. Mr Bush said, but in future, Western policies "must encourage the evolution of the Soviet Union toward an open society."

The President spoke of "dramatic events" in Moscow, such as greater tolerance of dissent, a new frankness about the Stalin era, and limited, but freely contested, elections. He declared: "Mr Gorbachev, don't stop now."

He declared unequivocally that his administration supported Mr Gorbachev's reforms, and held out the prospect of waiving the Jackson-Vanik Amendment barring trade concessions to communist states who restricted Jewish emigration.

This would open the way for "Most Favoured Nation" trade status for the Soviet Union – but on condition that the Soviets fulfilled their promises to end new emigration laws in line with international standards.

Such superpower co-operation, he suggested, would form part of the long-term objective of US policy in the 1990s which was to "seek the integration of the Soviet Union into the community of nations". The time had come to move beyond the immediate post-war US goal of containing Soviet expansion.

It was time for the Soviet Union to fulfil its post-World War Two promise to support self-determination in eastern and central Europe. "In short, tear down the Iron Curtain," he said.

Throughout the speech, one of a series in which the President is presenting the results of the administration's review of foreign policy objectives, Mr Bush sought to draw attention

to the reality of Soviet military power.

On the US strategic defence initiative (SDI), he said: "Our objective will be to preserve our options to deploy advanced defences when they are ready." But Mr Bush said he would continue to seek a global ban on chemical weapons.

The timing of the President's address was significant because it followed the visit by Mr James Baker, US Secretary of State, to Moscow and falls three weeks before the Nato summit in Brussels. The speech was also intended to counter criticism that the US approach to the Soviet Union had been too cautious and lacking in imagination.

Mr Bush set another test by calling on the Soviets to renounce the Brezhnev doctrine under which Moscow has asserted a right – notably in Czechoslovakia in 1988 – to intervene in the affairs of its European allies.

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Markets buoyed by US prices

By Simon Holberton in London and Janet Bush in New York

SHARE and government bond prices rose strongly on both sides of the Atlantic yesterday after official US figures indicated that inflationary pressures in the country might have abated.

The dollar, which dipped briefly after publication of the figures, was buffeted by aggressive and co-ordinated central bank selling in a generally unsuccessful attempt to force it lower.

It was the first time the central banks had intervened in a co-ordinated fashion for a week and since they allowed it to trade on Tuesday above DM1.80 – a level that the foreign exchange markets had avoided since discussions on arms control. He hoped talks would continue allies on both sides.

The monetary authorities of the leading industrial countries had hoped the lower-than-expected 0.4 per cent rise in the US producer price index for April would have taken some of the lustre off the dollar and they attempted to force it lower when it showed initial signs of weakness.

In Europe the dollar dropped to DM1.8910 after the initial bout of intervention but closed in London at DM1.9190, up from Thursday's close of DM1.9135. In New York at mid-session it was trading around DM1.9125 and Y135.60 in spite of at least four rounds of intervention by the Federal Reserve, the US central bank, in the New York market.

Analysts said the rebound in the dollar underlined the extent of real investor demand currently supporting the US currency. Central bankers said their intervention was designed to convince the market key participants that trading the dollar was not a one-way option.

But he refused to say whether the Soviet move would add force to Bonn's call for early talks on cutting short-range missiles in both East and West.

Mr Kohl was speaking after the beginning of talks with Mr Eduard Shevardnadze, the Soviet Foreign Minister, who is on a 24-hour visit to Bonn.

Mr Shevardnadze in Bonn to prepare for Mr Gorbachev's visit next month, repeated Moscow's interest in eliminating all stocks of nuclear missiles in Europe. Mr Kohl

Continued on Page 24

Divisions in Nato, Page 2



OWNING A VINEYARD

Michael Field tells the story of a couple who bought a chateau with a vineyard and embarked on a new way of life in France

Page I

Finance

Spending on your credit card could do a good turn for the arts

Page V

Travel

Michael Thompson-Noel (Death Valley), Roger Beard (Merrie England) and Kieran Cooke (quirky Irish hotels)

Page XXI-XXII

Books

Robert Blake on Sir Robert Walpole; Stephen Amidon on Andy Warhol

Page XXII

Divisions

Rock climbing, chess and How To Spend It

Pages XX-XXI

Arts

Clement Crisp introduces Makarova's production of La Bayadere

Pages XXII-XXIII

Sport

John Barrett on tennis; Ben Wright on golf

Page XXVI

Kinnock outlines Labour defence policy

By David Buchan in Brussels and David Marsh in Bonn

LABOUR leader Mr Neil Kinnock hardened his stance on nuclear

OVERSEAS NEWS

'Tear down Iron Curtain' — Bush

This is an edited text of the speech given by President Bush at Texas A&M University yesterday:

WE ARE approaching the end of an historic post-war struggle between two visions — one of tyranny and conflict, and one of democracy and freedom. The review of US-Soviet relations my Administration has just completed outlines a new path to solving this struggle.

Our review indicates that 40 years' perseverance have brought us a precious opportunity. Now it is time to move towards a new policy for the 1990s — one that recognises the full scope of change around the world, and in the Soviet Union.

The US has as its goal more than just containing Soviet expansionism — we seek integration of the Soviet Union into the community of nations, as Moscow moves toward greater openness and democratisation.

Let no one doubt our sincere desire to see perestroika succeed. But the security of America and our allies is not predicated on hope. It must be based on deeds. We look for enduring political change. We must not forget the Soviet Union has acquired awesome capabilities. Western policies must encourage the evolution of the Soviet Union toward an open society.

The Soviet Union needs to take positive steps, including:

● Reduce Soviet forces. Some steps have been taken, but the Warsaw Pact still has more than 30,000 tanks, more than twice as much artillery and hundreds of thousands more troops in Europe than Nato.

They should cut their forces to international levels, in proportion to their legitimate security needs.

● Adhere to the Soviet obligation — promised in 1945 — to support self-determination for all Eastern and Central European nations. This requires abandoning the Brezhnev Doctrine. One day it should be possible to drive from Moscow to Munich without seeing a single guard tower or strand of barbed wire. In short, tear down the Iron Curtain.

● Work with the West toward diplomatic solutions to regional disputes around the world.

● Achieve a lasting political pluralism and respect for human rights. Dramatic events have occurred in Moscow. We are impressed by limited, but freely contested, polls, by greater toleration of dissent, by new frankness about the Stalin era. Mr Gorbachev, don't stop now.

● Join us in addressing pressing global problems, including the drug menace and dangers to the environment. We can build a better world.



President Bush with House Speaker Jim Wright (left) and Senate Majority Leader George Mitchell (right) in the White House

US and Soviet aircraft fly over each other's territory, opening military activities to regular scrutiny and, as Eisenhower said, "convince the world we are... lessening danger and relaxing tension".

His suggestion tested Soviet readiness to open their society. The Kremlin failed that test. Let us again explore that proposal, but on a broader and more radical basis — one which I hope would include allies on both sides.

In nuclear testing, we will keep seeking verification improvements in existing treaties. We will continue to seek a verifiable global ban on chemical weapons. We support Nato efforts to reduce the Soviet offensive threat in negotiations on Conventional Forces in Europe. Fundamental to all these aims is — openness.

Thirty-four years ago, President Eisenhower met Soviet leaders who promised a new approach toward the West. He proposed a plan to let unarmed

Should the Soviet Union codify its emigration laws in accord with international standards and implement its new laws, I am prepared to work with Congress for temporary waiver of the Jackson-Vanik Amendment, opening the way to extending Most Favoured Nation trade status to the Soviet Union.

FT writers look at Moscow's decision to reduce its nuclear arms in Europe
Divisions in Nato likely to widen

By Edward Mortimer

PRESIDENT Gorbachev's decision to withdraw 500 short-range nuclear weapons from Europe, coupled with an offer to remove all Soviet nuclear "ammunition" if the US will do the same, may or may not have been calculated to deepen the current divisions within Nato. But it is bound to

being the Lance missile with a maximum range of 120 km (75 miles), which is expected to be obsolete by 1995. Because of their short range, these weapons are based only in West Germany, and even so can hit targets only in East Germany and Czechoslovakia.

Some West German Christians warned in 1987 that this situation would be unacceptable to German public opinion, and argued against accepting the "zero option" for that reason. "The shorter the range the deeper the German," they said.

The phrase was telling and the argument self-fulfilling.

Thus alerted, West German

public opinion has been

increasingly hostile to SNF,

and this fact has been

exploited by the Free Democrat

Foreign Minister, Mr Hans-Dietrich Genscher, as part of his

campaign for a new detente

based on "taking Gorbachev at his word".

In theory Nato's plans to

"modernise" SNF by replacing

Lance with a new missile,

which would have a range of

just within the 500 km limit

allowed by the INF Treaty,

might be thought reassuring to

the Germans, since that range

would allow at least some of

the missiles to be based outside

Germany, or to reach targets

in Poland.

But German public opinion

has been more susceptible to

Mr Genscher's argument that

deploying such a new weapon

in the present political context

would "send the wrong signal"

to Moscow, and to Mr Gorbachev's warning that it would be bound to have an adverse

effect on the new Vienna

talks on Conventional Armed Forces in Europe (CFE).

Britain and the US, the main

supporters of "modernisation",

were forced to content them-

selves, at talks in Brussels last

month, with a general agreement that Nato's nuclear forces should be kept "up to date", while postponing any specific decision on a replacement for the Lance missile — only to find themselves confronted within 24 hours by a West German demand for "early negotiations" on SNF with the Warsaw Pact.

Thus they have been strenuously resisting, on the grounds that such negotiations would lead inexorably to a "third zero" (total elimination of SNF) and so to the denuclearisation of Europe. But the Germans have won the support of most other Nato governments, with the exception of France.

This appears to be between the nuclear powers in Nato and the rest, and Nato's 40th-anniversary summit in two weeks seems likely to be a very awkward occasion.

Mr Gorbachev's latest proposal has, predictably, encouraged Mr Genscher to step up his campaign. For the moment the Americans are holding firm, but there appears to be a gap opening up between their view that the Soviet cuts "do not go far enough" to justify the opening of negotiations, and the British and French governments that nuclear weapons have an indispensable peacekeeping value irrespective of the conventional balance.

The apparent closing of the gap between Nato and the Warsaw Pact on conventional forces will also make the British position more difficult, since in the public mind the main justification for refusing to negotiate on SNF is that it might leave Nato without an answer to the Warsaw Pact's conventional superiority. The view of the British and French governments that nuclear weapons have an indispensable peacekeeping value irrespective of the conventional balance is not widely shared.

Western analysts ponder what cuts would mean

By David White in London and Judy Dempsey in Vienna

MOSCOW announced cuts in Europe-based nuclear weapons

are seen by Western experts as having little military significance by themselves. But combined with plausible Soviet proposals on conventional arms cuts, they could "hurt" the wounded" of Nato's nuclear dilemma.

With the Brussels Nato summit barely two weeks off, the US and the UK appeared yesterday to dig themselves in further in their opposition to East-West negotiations on short-range nuclear forces, fearing these could lead to Nato losing needed protection.

Nato nuclear planners have already envisaged further reductions on their side involving mostly artillery shells but in numbers possibly two to three times the 500 warheads Moscow proposes to cut. However, the reductions are firmly tied to the upgrading of remaining Nato weapons, and especially a longer-range missile to replace the Lance. On that, agreement is becoming increasingly distant and difficult.

Nato has about 4,000 US nuclear warheads, excluding those of several hundred medium-range missiles which are due to be scrapped under the INF treaty. This compares with 7,000 warheads 10 years ago.

Little is known about Soviet strength in nuclear artillery, but the US claims the Warsaw Pact has an overall total of 10,000 warheads in Europe. Moscow had already said it would pull out 24 missiles as it withdrew tank divisions from Western Europe.

Western experts asked where the new cuts, which were to include 284 missile warheads along with air-launched and artillery munitions, would be made. The Soviets are reckoned to have kept more than 600 launchers for outdated Frog battlefield rocket launchers, moving them away from border regions, where they have been replaced by more modern and accurate SS-21 guided missiles. Their withdrawal would make minimal impact, Western officials said.

However, Nato's justification for holding nuclear arms in Europe is based not on matching Soviet nuclear strength but on the perceived threat from conventional forces such as tanks.

Nato had been waiting for the Warsaw Pact to present ceiling figures at the Conventional Armed Forces in Europe (CFE) negotiations since they formally opened in Vienna in March.

Western analysts said Moscow's detailed conventional arms control proposals demonstrated increasing urgency on the part of Mr Mikhail Gorbachev to slash military costs.

"The Warsaw Pact means business in Vienna," one senior Nato military expert commented. "Mr Gorbachev is in a hurry. They want an

agreement fast, not only so as to start talks in reducing short-range nuclear missiles but for domestic reform reasons as well."

The figures build on initial

Warsaw Pact proposals at the

CFE talks for first-phase cuts to 10 and 15 per cent below whatever was the lower current level.

Although they continue to give high priority to areas that Nato does not want to consider for early reductions — troops and aircraft — the proposals come close to Nato's in other areas. For tanks and armoured vehicles they use the same target figures — tantalisingly, because definitions differ. The 20,000 target would entail a two-thirds cut in Warsaw Pact strength, currently about 60,000. According to Pact figures, Nato could have to cut from 30,000, but Nato figures cite only 22,200 main battle tanks, including 5,800 in storage.

Similarly, the Moscow proposals for armoured vehicles use the same target figure as Nato's — 28,000, implying by the Warsaw Pact's criteria a 60 per cent cut for itself and 40 per cent for Nato. The Western allies' proposal, however, refers more specifically to armoured troop carriers.

For artillery, the Warsaw Pact proposes a ceiling of 24,000 each, compared with Nato's proposal of 15,500. But the Pact counts a wider range of current weapons in this category, more than 71,000 for itself and 57,000 for Nato. Nato's figures show 43,300 for the Pact, against its own 14,500.

By setting targets of 1,350 troops, 1,500 strike aircraft and 1,700 combat helicopters for each side, the new proposals revive sharp differences over priorities in Vienna. Nato's estimate of the Warsaw Pact's superiority in land-based manpower differs markedly and it rejects the distinction between attack aircraft and other fighters. Each side maintains that the other holds numerical superiority in helicopters, with the Warsaw Pact including those that Nato keeps on ships.

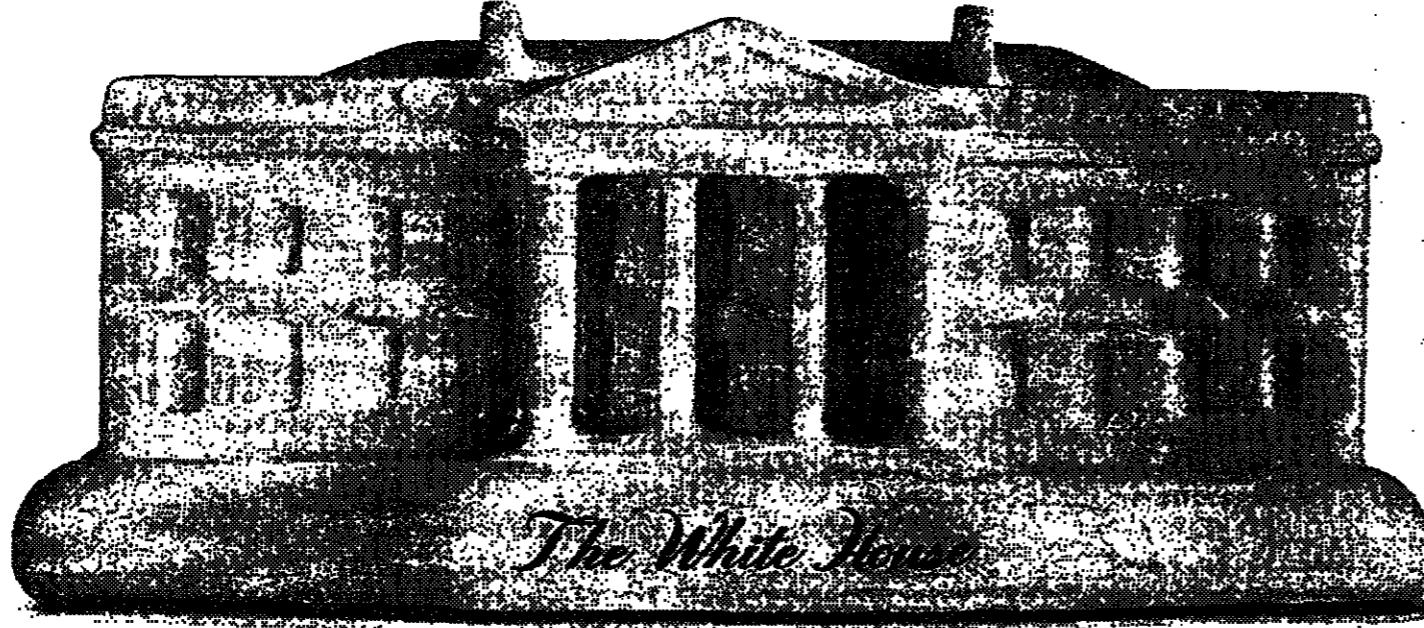
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OVERSEAS NEWS

Argentina's electors may be in for a surprise

The intricacies of the constitution may decide who becomes the next president, writes Gary Mead

ARGENTINA'S presidential election, originally due yesterday, in an atmosphere of uncertainty, and with the two leading candidates engaged in mutual abuse over their political records.

Mr Eduardo Angeloz, candidate for the governing Radical Party, spoke to a massive rally in his home city of Córdoba late on Thursday evening. He accused the Radicals of "being democratic when in government and coup-mongers when in opposition", and of having "instructed the armed forces" to carry out the coup of 1976, which deposed the last Peronist government under Mrs Isabel Perón.

Argentina's electoral system is based on that of the US, with the president and vice-president chosen indirectly by an electoral college. Tomorrow some 20m people will elect 500 members of the electoral college.

The electoral college has to meet at least four months before the date fixed for the handing over of the presidency, which is due on December 10.

Enigmatic Perónist whose wife would be Evita

By Gary Mead

EVEN Mr Menem's warmest admirers would find it difficult to describe him as shy and retiring. He has literally a taste for the fast life, driving his own car in cross-country rallies and flying his own plane whilst on the campaign trail.

A football fanatic, "El Tucu" (as he has become known, thanks to his Syrian ancestry) has as his most famous attribute outside Pickwickian sideboards and long hair, though close observers will have noticed a subtle tinge and crimping of both as the campaign has neared election day.

Mr Menem's stormy personal life has dogged him throughout the electioneering months. In that respect, as in

most others, Mr Menem has nothing in common with Mr Angeloz.

Mr Menem's wife, Zulema Patina Yoma, remains firmly wedded to her original Muslim faith despite her husband now espousing a fervent Catholicism.

The marriage broke down in the past, and they separated, only to re-unite amid great publicity coincidentally just before Mr Menem began to run for the Perónist presidential ticket.

Established in 1976 under the last military dictatorship, Mr Menem has conducted an election campaign along quasi-messianic lines. One of his more famous slogans simply calls on the nation to "Follow Me".

Early in relation to Buenos Aires province and the capital itself.

That distortion, introduced in the 19th century when provincial power and populations were less in the shadow of an infant Buenos Aires, gives an in-built advantage to Mr Menem. His support largely derives from the poorer provinces. Provincial political power lies in Perónist hands; Perónists currently govern 17 provinces, and the legislative assemblies of 14 have a Perónist majority.

But there is a distinct imbalance in the numbers of citizens voting for each elector. Buenos Aires province has 38.89 per cent of Argentine voters but only 24 per cent of the electoral college. In the same province each college elector is chosen by a potential 51,330 citizens; in the considerably less populous province of Santa Cruz each college representative is voted for by a potential 5,978 citizens.

That distortion is repeated throughout the country, with sparsely populated provinces together having an electoral college vote out of proportion to their population, particu-

larly in relation to Buenos Aires province and the capital itself.

Both the two main parties, Radical and Perónist, are publicly convinced they will with a majority of electoral college votes. But if neither secures a majority, the Congress will choose between the two candidates who received most votes in the electoral college.

As things stand neither Mr Menem nor Mr Angeloz appears likely to win outright in the electoral college. That both will be close to the 301 needed leaves open the possibility of inter-party dealings within the college to establish who will be the next president and which party – or parties in alliance – will form the next government.

The Argentine public has little recent experience of democracy, thanks to a series of military coups and rigged elections since 1963. In a Gallup study this year only 31.3 per cent of

those questioned knew that the vote to choose a new president was indirect.

Given that tomorrow's vote

will show a "winner" in terms of a majority of ballot-box votes, but that he will not automatically be president on May 15, as many as 70 per cent of the electorate may therefore have a surprise in store.

Mr Menem says the Perónist

Party will stage a mass gathering in Buenos Aires' main thoroughfare tomorrow evening, as the results of the vote begin to come through.

Fears are growing that if the

result gives the Perónists only

a small lead over the Radicals

and therefore, according to

the constitution, leaves the

future presidency to be decided

in the national electoral college.

Mr Menem's supporters

will try to force an immediate

declaration of a Perónist vict

ory.

His campaign has tried to

promote him as "the only seri

ous candidate". His television

advertisements show him

seated pensively at a desk, or

in shirt-sleeves (but still wear

a suitably muted tie), discus

sing business with a group

of technocrats. His last cam

aign poster promises a "mano

fuerte", a firm hand.

Mr Angeloz has tried to

counter-balance his dull image

by having punk rock concert

staged on his behalf. Punk pro

motion is, however, still leav

ing him trailing in every opin

ion poll save one.

That single poll in his favour

was conducted by the state

intelligence service, which

although packed with Radical

party activists, could only

come up with a half percentage

point in Mr Angeloz's favour.

Mr Angeloz has been a Radi

cal party activist since adoles

cence, winning his first party

post at the age of 19. He stud

ied law at Cordoba University,

where his Perónist rival, Mr

Carlos Menem, took the same

degree a year earlier.

He has been accused of an

over-fondness for Argentina's

military coup of 1976, which

toppled the last Perónist gov

ernment under Mrs Isabel

Perón. At the time he wel

comed it, and maintained a

friendly personal relationship



Eduardo Cesar Angeloz: Age 57, married, three children. Born 1931, Córdoba province. Descended from Swiss immigrants. Life-long member of Unión Cívica Radical party. Studied law, Cordoba University. First elected national senator in 1963 for Cordoba city. Currently governor, Córdoba province.

with General Luciano Benjamín Menéndez, accused of human rights violations.

Yet Mr Angeloz himself survived two attempts on his life in the 1970s, and last year caused something of a scandal in military circles by accusing former president Leopoldo Galtieri of being a "drunk".

Perhaps his biggest handicap in tomorrow's election is that he is far removed from the old-style caudillo so often favoured by mass movements in Argentina. Mr Angeloz has tried to project a new style of technocratic change and unflashy modernisation. It is not that he has downplayed an otherwise naturally charismatic personality. Angeloz the man is, by all accounts, inclined towards a private and personal life.

Craxi the ringmaster whips up his party.

Venezuela accused of plot to oust Noriega

By Tim Coone in Panama City

A SENIOR Panamanian military officer claimed yesterday that the Venezuelan government of President Carlos Andres Perez was behind an alleged plot to mount a coup in Panama, led by the head of the Panamanian intelligence service, Colonel Guillermo Wong.

Major General Leonidas of the Panamanian Defense Forces (PDF) claimed the coup proposal was made to Panama's military attaché in Bogota, Capt Marco Arjona, by a Venezuelan businessman named Mr Carlos Perez Narro. Garay, whom he alleged was a friend of President Carlos Andres Perez. The plotters would have installed Col Wong as head of the PDF.

If true, the plot's failure to obtain support must reduce US hopes that the PDF itself might oust General Noriega and thereby resolve the Panama Canal crisis.

Meanwhile the first of 1,900 US troop reinforcements ordered on Thursday by President George Bush, began arriving in Panama yesterday being airlifted into Howard Air Force Base close to the Panama Canal.

Bank plays hard ball with debtor-nation

By Stephen Fidler, Euromarkets Correspondent

IT is not clear why Ecuador did not move funds out of Citibank after it had started to build up arrears. In preparation for its public declaration of an interest moratorium in February 1987, Brazil moved its funds to the Bank for International Settlements in Basle. There they earned less interest than in commercial bank deposits but were safe.

One expected consequence of the move is that debtor governments will feel increasingly uncomfortable about depositing funds with US and Western bank creditors. However, many debtors have already taken the precaution of keeping their money out of US banks.

Bankers were advising caution yesterday, worried that similar moves by other banks could bring about a rapid worsening of the situation. Certainly, many banks would be constrained from action by the fact that they held no Ecuadorian deposits.

The Ecuadorans, more than \$1bn in arrears on \$6bn of bank debt, had declared their intention to start to make partial interest payments on a monthly basis. They have been helped by a rising oil price.

Nevertheless, Ecuador's 13-bank advisory group, led by Lloyds Bank, will have had something more than that on their mind as their discussions over the matter progressed in New York yesterday.

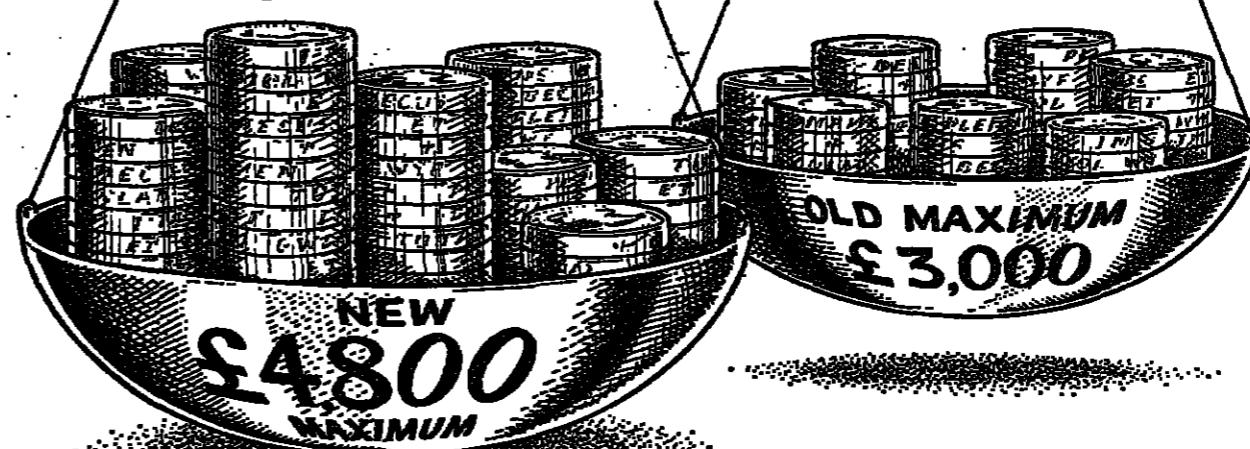
The loan was not part of the rescheduled medium- and long-term debt which the country has not serviced for two years. Restrictive clauses in loan documentation, which the US debt initiative would call on to be lifted to encourage significant debt reduction, mean it would not be worthwhile for any individual bank to seize assets to apply to these loans, since it would be forced to share them with other banks.

Delegates will be permitted to discuss Italian politics from next Wednesday, but such debates will be mere preludes to the climax of Mr Craxi's closing speech next Thursday.

An international supporting cast includes Senator Gary Hart, Itamar Mendes, the widow of the leader of the Amazonian Indians, Mr Jacques Delors of the European Commission, and the veteran West German Socialist leader, Mr Willy Brandt.

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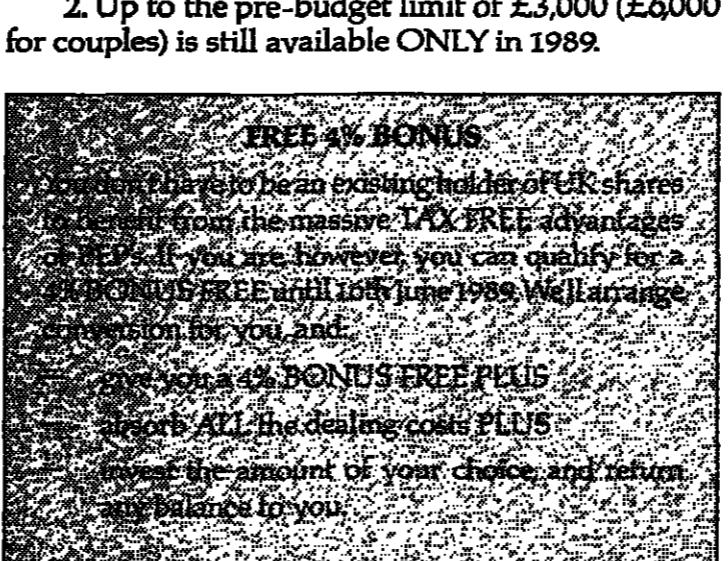
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OVERSEAS NEWS

De Klerk vows to revive stalled apartheid reforms

MR F W De Klerk, the leader of South Africa's ruling National Party (NP), vowed yesterday to revive the government's stalled programme of apartheid reforms but ruled out any possibility of black majority rule. Reuter reports from Cape Town.

Mr De Klerk, almost certain to succeed Mr P W Botha as president after elections in September, threw his weight behind reform proposals outlined last week by the outgoing Constitution Minister, Mr Chris Heunis.

Mr De Klerk called for rapid change, but gave few details of the reforms he had in mind. "The present situation cannot last indefinitely. Things will have to change drastically and quickly," he told parliament.

But he dismissed suggestions by the ultra-right-wing Conservative Party that Mr Heunis's proposals might lead to a transfer of power to the country's black majority.



De Klerk: call for rapid change

lined a system in which all races would be represented, in different groups, in the same parliament and cabinet.

The proposals were so tentative that even pro-government newspapers and constitutional experts were uncertain what they meant.

But the government hopes they will form the basis for negotiations with representatives of the disenchanted black majority, 75 per cent of the population.

So far, all black leaders with a significant popular following have refused to negotiate with the government until it frees the Nelson Mandela and lifts curbs on black anti-apartheid groups.

Political analysts say Mr Heunis's speech as evidence that the government had abandoned hopes of receiving support from far-right-wing whites in the Conservative Party and is wooing the new, liberal Democratic Party.

"To deduce from his speech that the NP is on the way to majority rule is untrue. The NP indeed stands for a constitutional dispensation which will not be conducive to majority rule or domination," Mr De Klerk said.

Mr Heunis last week out-

World Bank, aid agencies split on Africa strategies

By Michael Holman

SERIOUS differences between the World Bank and leading aid agencies over development strategies for Africa remained unresolved at the end of an unprecedented day-long meeting in Washington this week.

The meeting, in Washington on Wednesday, followed the publication in March of a World Bank report on African development.

It argued that structural adjustment policies were responsible for an economic recovery in Africa.

The UN Economic Commission for Africa (ECA) led criticism of the report, saying it made "selective" use of economic data.

A statement issued at the end of the session said that delegates exchanged views on the future development of African economies.

It argued that structural adjustment policies were responsible for an economic recovery in Africa.

Although there were "wide areas of consensus", the statement said, "participants recognised that areas of disagreement

remained."

Among organisations attending were the ECA, the Organisation of African Unity, the UN Development Programme, UNICEF, the International Monetary Fund, and the Africa Development Bank.

The statement reveals some concessions to the bank's critics, highlighting the need for closer consultation with African governments, and recommending that "particular attention" be given to "protecting vulnerable groups" during the adjustment process".

It also stresses the need for increased donor assistance and "substantial debt-relief" measures.

Participants said there was little evidence that the Bank was prepared significantly to modify the conditions attached to its lending terms, which have been criticised as too rigid and too often inappropriate to African economies.

The conference, attended by 39 countries, touched on obstacles facing environmental efforts on the continent.

Tasmanians vote today in 'Gray v Green' election

By Chris Sherwell in Sydney

VOTERS in Tasmania - Australia's smallest state, with 450,000 people - go to the polls today after a noisy campaign over environmental issues which has given it national significance.

Dubbed "Gray v Green", the election pitches the ruling Liberal Party, headed by Premier Robin Gray, against a handful of "Greene" independent candidates and the Liberals' traditional foe, the Labor Party.

Mr Gray has been premier for seven years, and is seeking a third successive term. His advantage over Labor is that it has suffered from internal divisions and weak performance. But the Greens have enjoyed an upsurge in popular support.

Under the state's complicated Hare-Clark system of proportional representation, it is difficult for the major parties to gain a large majority in the 35-seat parliament and relatively easy for small parties to win representation; hence predictions that the Greens will hold the balance of power.

The environmental movement's strength springs from a series of campaigns to protect native forests, curtail wood-chipping and, most recently, prevent a \$31bn chemical pulp mill. In a celebrated 1983 case, it prevented the damming of the Franklin River.

Japan to buy US supercomputers

By Robert Thomson in Tokyo

THE Japanese government has promised to buy eight supercomputers from the US as part of a response to increasing bilateral trade tension, and several Japanese industry groups are reported to have been told by Government officials to increase imports of a range of US products.

Supercomputer, semi-conductors and telecommunications equipment are areas that the Ministry of International Trade and Industry (MitI) believes are most important in the trade dispute, which is set to enter a new phase in coming weeks with the triggering of the "Super 301" provision.

As well as vowing to purchase eight computers over the next three years for government organisations, universities and research institutes, the government has promised that it will never press its procurement authority to give preference to Japanese-made machines.

However, a senior official of the Ministry of Posts and Telecommunications reaffirmed yesterday that Japan has abided by telecommunications agreements which the US says have been violated. The US is

Howard out of new Australian shadow cabinet

By Christopher Sherwell in Sydney

MR Andrew Peacock, reinstated as leader of Australia's opposition Liberal party on Tuesday, yesterday announced a shadow cabinet excluding his predecessor Mr John Howard and seven of Mr Howard's "dry" colleagues.

Mr Howard had on Thursday agreed to serve under Mr Peacock, but was then refused the foreign affairs and defence portfolios and offered education, which he rejected.

Because of his articulate criticism of the Labor government his absence could be costly.

The new team, a coalition of the Liberal and National parties, put Mr Charles Blunt, who became leader of the National Party on Tuesday, in charge of the trade and resources portfolio.

There is also a by-election today in the Queensland state seat of Merthyr, near Brisbane, formerly held by Mr Don Lane, the disgraced former minister in the government of Sir John Bille-Petersen. Normally such elections are of little wider interest, but today's contest is seen as a crucial test for Mr Mike Ahern, premier in Queensland's National Party government.

The 13-part drama series has involved building a dealing room at Elstree complete with 110 monitors fed by genuine Reuters numbers - although the material is recorded to ensure that Dutch credits can be made to pop up on the screen at the right point in the script.

In addition to the actors, many of the walk-on parts are being played by genuine City dealers who are between jobs. City professionals who spend most of their time playing poker backstage while the slow, and often tedious, business of filming a drama takes place.

"It's not down-to-earth," says Mr Hiroshi Mitsuoka, a Euromarket trader, during a poker break. "There's much noise, much less sweating and more fever-tough East Enders at Shamus Longman than in real life."

Capital City, due to begin on ITV on September 26, has been checked for the authenticity of its financial details but Mr Irving Teitelbaum, the producer, says he is much more interested in the people than either the deal or the technicalities.

"It's a very tough, competitive and quite hard work but our main team do really care about each other and tend to support each other," says Mr Teitelbaum. "Perhaps that marks the difference between an ideal world and a harsher reality."

The US complains Japan is not honouring an understanding to raise the foreign share of the chip market to 20 per cent by 1991. At present, the foreign

share is about 10.6 per cent, and in Washington meetings last week with the MitI minister, Mr Hiroshi Mitsuoka, US officials made clear the issue is of importance one in a long list of two weeks.

Reports have appeared in the Japanese press that MitI has requested various industry groups to increase significantly their purchases of US semiconductors, and advised Japanese chip makers to sell certain varieties of chips at prices above those of foreign chips in an attempt to increase the US share of the market.

But a MitI official said the semi-conductor pricing claim is "silly, because we have no control over Japanese producers". MitI, which does not like to be seen as influencing Japanese companies, also denies a report that the automotive industry has been told to increase US chip purchases by 50 per cent this fiscal year. One of the automotive groups concerned, the Automotive Parts Association, also denied the report.

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Post Office plans to speed letter service

By Paul Abrahams

THE POST OFFICE has announced a 282m investment programme to improve its letter service. The organisation hopes the three-year programme will improve its delivery rates at a time when it is handling a record number of letters. Last year 87.4 per cent of first-class letters arrived on time.

But the government hopes they will form the basis for negotiations with representatives of the disenchanted black majority, 75 per cent of the population.

So far, all black leaders with a significant popular following have refused to negotiate with the government until it frees the Nelson Mandela and lifts curbs on black anti-apartheid groups.

Political analysts say Mr Heunis's speech as evidence that the government had abandoned hopes of receiving support from far-right-wing whites in the Conservative Party and is wooing the new, liberal Democratic Party.

"To deduce from his speech that the NP is on the way to majority rule is untrue. The NP indeed stands for a constitutional dispensation which will not be conducive to majority rule or domination," Mr De Klerk said.

Mr Heunis last week out-

UK NEWS

Young faces little cheer over beer

Philip Stephens on a possible Tory revolt over the brewing report



Eric Forth (left): encountered hostile opposition and John Redwood: convinced by divestment argument

nesses - might be undermined.

The message from Conservative Party managers, however,

was not quite so confident.

The Government would have to listen

carefully to its own sup-

porters before deciding just

what recommendations it

accepted. Above all, Lord

Young would risk a full-scale

battle if he went ahead and

forced the six big brewers to

sell more than 20,000 pubs and

restrict their ownership to

200 each.

The contrast with the initial

favourable reaction to the

report in February could

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Isle of Man plans laws to dilute governor's power

By Sue Stuart

THE ISLE OF MAN Government plans legislation that will divest its lieutenant-governor of some executive duties and bring the island closer to autonomy. The governor is appointed by the Crown to represent the Queen on the island, which is a Crown dependency.

The main changes concern removal of the governor from his position as presiding officer of Tynwald, the Manx parliament, and replacing him with one of Tynwald's members, to

be elected by the members. It is expected that some of his functions will be transferred to the island's executive council. Manx government departments and other agencies.

Mr Miles Walker, Chief Minister, said of the proposed changes: "Up to now, executive council has acted as an advisory body to the governor, but I feel we have arrived at the time we should be making our own decisions and seen to be distancing our parliament from the UK."

The board, which denies liability, says it is neither necessary nor appropriate to make any provision for damages. However, £10m has been set aside for legal and other fees.

Twelve of the 15 ferries that

had been completed have been sold and the corporation is negotiating the sale of the remaining three, which are being outfitting in Sunderland.

The Government announced the closure of the two NESL yards in December, with the loss of more than 2,000 jobs, but the closure will not be finalised until the end of June. Last-minute privatisation negotiations are going on with Greek shipping companies, which have been asked for a business plan for the yards.

Mr John Lister, chairman, says he was disappointed by the Government's decision to break up the corporation and close or privatise its subsidiaries.

Five operating companies have been sold to the private sector, including the Govan yard in Glasgow, and there are negotiations for the sale of two more, in addition to NESL.

The accounts contain no provision for damages of £186m plus interest and costs claimed by Trafalgar House, which says it was misled when it acquired the corporation's Scott Lithgow yard, in Scotland.

The accounts disclose that British Shipbuilders made a trading loss of £42m from the cancellation of part of a contract to build 24 small ferries for Danish owners in the North East Shipbuilders (NESL) yards in Sunderland.

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Steel erectors' strike set to disrupt construction

By Jimmy Burns, Labour Staff

KEY construction work in London, including prestige projects like Canary Wharf and Broadgate, is facing serious disruption because of an unofficial strike over pay by more than 600 steel erectors.

The dispute began two weeks ago with a 24-hour stoppage, followed by a brief overtime ban. It spread this week into an indefinite strike affecting twenty construction projects after Redpath-Dorman Long, a subsidiary of the Trafalgar House group, sacked 170 steel erectors on four of its sites in London.

The workers, who are expected to carry on striking next week, normally build the steel frames for office buildings and their work is a crucial element on most large building sites.

Mr John Porter, director of

the National Engineering Construction Employers' Association, last night described the dispute as "very important", but he said, "an agreement could be concluded while the men remained on strike."

Mr Porter said: "We are attempting to get the men back to normal work so we can deal with their grievance through the established procedures."

The dispute is over a basic hourly pay rate of £4.39p and lodging and travel allowances which the steel erectors say do not reflect pay rates in the rest of the construction industry or the cost of accommodation.

The steel erectors, many of whom have come from the North of England and Scotland to work in London, are covered by a two-year pay agreement which expires in January.

London Borough quits training scheme

By Charles Leadbster, Labour Editor

SEVERAL of the London Boroughs which have supported the Government's controversial Employment Training programme are considering withdrawal, according to a report drawn up by the London Borough of Merton, which decided to withdraw from the scheme at a meeting on Thursday night.

The report, drawn up by the council's Economic Development Unit says the scheme run by the borough suffered from underfunding, poor management, inadequate facilities and understaffing. It was planned to offer 150 places a year but has only attracted 45 places.

The report says only 35 per cent of the first 1,000 long-term unemployed adults interviewed

for places on ET-schemes in South London actually joined the programme. Merton received only two applicants from the first batch.

The report identifies a number of "slaving weaknesses" in the council's scheme.

• None of the Economic Development Unit staff responsible for it have any experience of managing training courses.

• The council was awarded a contract by the Department of Employment's Training Agency, even though only four full-time and three part-time post were provided for the administration and supervision of training for 150 people.

• There was no planned project to train supervisors in training methods.

Further BBC action unavoidable says Beta

By Jimmy Burns

UNION OFFICIALS yesterday warned that more industrial action at the BBC was "unavoidable" unless senior management agreed to negotiate further increases in pay.

Mr Roger Bolton, national officer of the Broadcasting and Entertainments Trades Alliance said: "We very simply do not accept that there's no more money available... I have never seen an occasion when the BBC staff have been so angry."

The BBC's director general, Mr Michael Checkland has written to staff that he would welcome negotiations with union on the "longer term issues" of retention and recruitment of staff.

But in a letter published on Thursday, Mr Checkland confirmed that the corporation would not increase this year's pay offer of 7 per cent which includes an increase of £250 in the London weighting allowance.

Last night, as broadcasting unions met to consider what further action they may take in protest at the imposition of the pay award, the BBC reiterated its position. It stressed that it was willing to negotiate on longer term solutions to staffing problems.

• Prison officers at the Risley remand centre in Cheshire yesterday agreed to a peace formula to end their dispute which they hope will help avert a repeat of recent rioting by prisoners there.

The report said the scheme suffered from underfunding, particularly to cover the capital costs of starting a project.

Bus, Tube, rail disputes face London commuters on Monday

By Fiona Thompson, Labour Staff

LONDON commuters will face difficulties travelling to work on Monday in the face of a 24-hour strike by bus workers, a third day of unofficial action by Tube drivers and an overtime ban by train drivers on British Rail's Southern Region.

Scotland Yard said that even though more people would drive to work than normal, parking restrictions will remain in force.

"After the bitter experience of 1982, when people parked everywhere and nothing could move, normal procedures will apply."

Our main intention is to make sure the roads stay open. Our advice is do not drive into London if you do not have to. If you do, then bring in others.

Very few Tube trains ran on the drivers' two previous 24-hour strikes last month.

The bus workers voted 5-to-1 in favour of industrial action over their 14 per cent pay claim. London Buses has offered 7.1 per cent. The 19,000 bus staff have voted to hold fortnightly, 24-hour strikes, starting from 5am on Monday.

The TOWU general workers' union, which represents bus workers, said only an improved pay offer would stop the action.

The unofficial action on London Underground is over a demand by drivers for an additional £54 a week for operating driver-only trains. The drivers are members of either the National Union of Railways or Aslef and both unions have recommended that their members work normally.

On Thursday both sides held five hours of talks and London Underground made considerable concessions on Action Stations, London Underground's scheme for station staff which would end job demarcation and promotion linked to seniority.

Last week London Underground was granted an injunction blocking the NUR's strike which had been due to start last Monday, and on Wednesday the union failed to have the injunction lifted.

On Thursday both sides held five hours of talks and London Underground made considerable concessions on Action Stations, London Underground's scheme for station staff which would end job demarcation and promotion linked to seniority.

Cardiff has told four unnamed academics who have already refused to mark exams that they have broken their contracts. It said their employment would end unless they agreed to work normally by 11.30am on Monday.

It also warned academic staff they must sign a paper agreeing to work normally by Wednesday if they wanted to continue working at the university. Cardiff employs 1,250 academic staff, of whom just over 600 are understood to be AUT members.

The university said it was rapidly approaching the point where many exams are due to be marked. Dr Aubrey Trotman-Dickenson, Cardiff's principal, said he had to put his students first.

Dr Trotman-Dickenson couched his warning with an offer of a local settlement worth more than the latest offer by the employers nationally. He has offered to move the backlog of the 6 per cent across-the-board element of the employers' offer from March 1 to January 1.

The union nationally said that Durham, Keele, Kent, Lancaster and Swansea Universities were trying to settle through improved local offers.

University threatens to dismiss academics

By David Thomas, Education Correspondent

THE long-running university pay dispute escalated yesterday when Cardiff University threatened to dismiss academics who do not call off the industrial action by the middle of next week.

The Association of University Teachers is refusing to mark exam papers and to cooperate with performance appraisal over pay.

Cardiff has told four unnamed academics who have already refused to mark exams that they have broken their contracts. It said their employment would end unless they agreed to work normally by 11.30am on Monday.

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UK NEWS

Nervous volunteers for a hospital experiment

Official plans divide doctors, Alan Pike reports

REGIONAL HEALTH authority officials have this week begun fitting through about 140 "expressions of interest" from which the Government will choose its first self-governing hospitals.

That does not mean that all these hospitals have volunteered to adopt the new status of self-governing NHS Hospital Trust proposed in the white paper Working for Patients.

Submitting a formal expression of interest is the equivalent of clipping out a coupon from a car advertisement and asking to be sent more details. The picture of self-governing hospitals contained in Working for Patients is a broad-brush one, and promoters of many of the expressions of interest have been anxious to emphasize that they are so far simply seeking information. Showing an interest at this stage, the Government says, does not commit hospitals to accepting self-government when the first trusts are launched in 1991.

That has not been enough to convince doubters. Ministers are open about the fact that they want a substantial number of hospitals to become self-governing — a Department of Health working paper says "the Government regards all hospitals as potentially eligible". Some doctors and health service managers therefore fear that expressions of interest will be interpreted as support, and that once they have clipped the coupon the Government car salesmen will not retreat until they have signed up for self-government.

Their fears have led to divisive, and in some cases bitter, arguments in hospital committees and health authorities. As a result, some locations regarded as potential self-government candidates are missing from the list. Others appear on the list even though influential sections of hospital opinion — usually the medical or nursing staff — are mounting determined opposition to self-government.

Self-governing hospitals, while remaining within the NHS, would have wide freedom to determine their own management and financial structures, while remaining within the NHS, would have wide freedom to determine their own management and financial structures.

Kenneth Clarke: involving medics in management

hospitals to concentrate on profitable lines of treatment.

The Government initially saw large general hospitals as the most likely early candidates for self-government. But it said it would not take a rigid view of what constituted a hospital, and that is reflected in some of the expressions of interest.

Facilities such as community mental handicap and mental illness services have been proposed for possible self-government in some areas.

The most serious tensions over registering expressions of interest have been between hospital doctors and managers. Even at Guy's, the London teaching hospital where medical staff are already deeply involved in management, many doctors are worried about having reached the

expression-of-interest stage and have forced their managers to agree to a ballot before any final decision.

Some managers, recognising the serious reservations in the minds of many doctors, are adopting a cautious approach. Wandsworth, in London, has expressed an interest in setting up the St George's Group Trust to take over almost all the activities based on St George's Hospital and its associated community services.

Criteria that the authority has decided must be met to justify self-government have already been drawn up and published. Mr Don Cruickshank, the Wandsworth chairman, has given an undertaking that the authority will withdraw its expression of interest if those detailed criteria cannot be met.

In parts of the country, doctors and managers have been badly divided over whether to submit expressions of interest. A meeting of between 130 and 140 consultants at Leicester's hospitals, which provide integrated services on three main sites in conjunction with the university medical school, voted unanimously against expressing an interest.

Managers, said one doctor, "immediately tried to find ways around that decision, and began organising in favour of expressing an interest."

The medical staff maintained their opposition. A ballot of 240 consultants in the area showed that 70 per cent were opposed to self-government. The decision passed with no expression of interest from Leicester.

The strain the search for potential self-governing hospitals has introduced into relationships between doctors and managers in parts of the country comes at a time when the Government wants to enhance the role of medical staff in management. This has a particular irony, since the involvement of "senior professional staff, especially consultants" in hospital management is one of the key criteria Mr Kenneth Clarke, the Health Secretary, has set in deciding whether applications to establish self-governing trusts should be approved.

Good year for Welsh building societies

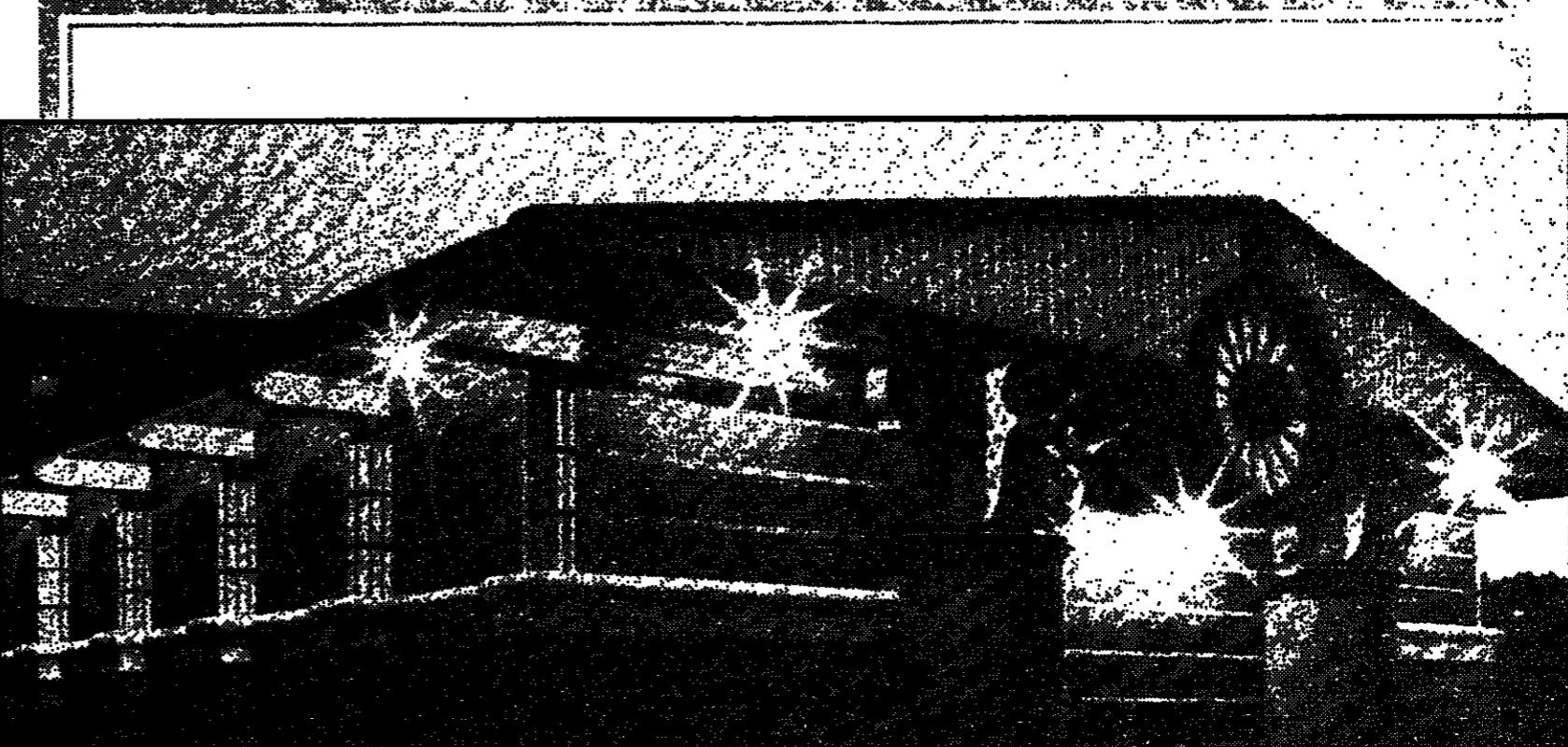
By Anthony Moreton, Welsh Correspondent

BUILDING society business in Wales rose to record levels last year as the number of people holding savings accounts increased rapidly. Societies almost doubled their net inflow of funds from savers, according to the Building Societies Association's annual report on business in the principality.

Over the same period, mortgage lending increased by almost a third over 1987. Net

receipts rose to £520m from £348m in 1987. At the end of the year two people in every three in Wales held a savings account.

The move to buying council houses gained strong momentum last year after falling fairly steadily from the peak of 17,000 in 1982. The figure climbed back to 8,600, a rise of 2,500 on the year and 2,800 better than the low point in 1986.



Built by Birse "a temple to sewage" (in brick of course)

This was one newspaper's description of the new Isle of Dogs Pumping Station, built by Birse.

This homage in brick to a Greek temple is, of course, only an exotic example of the many projects that Birse carry out for the various regional water authorities throughout the UK.

Other Birse projects include motorways,

bridges, superstores, factories, docks, waterworks, railways, private housing and property development.

Birse success has been built on the recruitment, training and development of high quality management, and is demonstrated by the rise in group turnover from £1m in 1976 to approximately £185m in 1989.

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Saturday May 13 1989

Exchange rate dilemmas

SHOULD THE governments of the major industrial countries be seriously concerned about "imbalances" in global current accounts? If they should, can they do anything about them? These questions are raised by a week when the foreign exchange markets have regarded the US dollar as irresistibly attractive, notwithstanding the country's huge external deficit and slowing external adjustment. But the answer does not emerge easily in that context. It is becoming a pressing issue within the European Monetary System, too. It may also determine the fate of the UK economy over the next few years.

In at least 11 months out of any year foreign exchange markets appear to be quite uninterested in trade balances. Instead, the markets focus on interest rate differentials and adjust portfolios accordingly. This process continues until anxiety about the future course of exchange rates again becomes the dominant issue. Only when the current account deterioration becomes sufficiently startling, does the exchange rate respond (falling an offsetting increase in the return on investment in the currency), as happened to the dollar in late 1987 and to sterling in the summer of 1988.

Bear squeeze

Official efforts to stabilise currencies increase the attention paid to interest rate differentials. When, for example, the bear squeeze of early 1988 set a floor to the dollar, the relative attractiveness of dollar interest rates became a persuasive reason for investment in the currency. This motivation was then reinforced by rising rates in the course of 1988. The paradox is, of course, that confidence in stability of the currency tends to be self-defeating.

An interesting variant on the theme can be seen within the EMS. Last year West Germany's trade surplus with the rest of Europe was \$66bn, much of it with other members of the EMS. Yet the D-Mark has been persistently weak. Part of the reason for this strange combination is that, once markets became reasonably convinced of the near-term stability of EMS parities, the interest rate differential in favour of the weaker ones supported a sustained capital outflow from West Germany, regardless of movements in the trade account.

Even currencies outside such a system and with no external commitment to their support, have been affected by a similar phenomenon. Until the UK external account started to deteriorate in the middle of

1988, the authorities found it impossible to combine the high interest rates they desired with the exchange rate stability they also wanted.

Domestic purposes

To the extent that the authorities are serious about exchange rate stabilisation and more important, to the extent that they convince the markets that they are, the less they will be able to choose interest rates that make sense for domestic purposes. At present, for example, the movement of the dollar suggests that rates of interest should be higher in West Germany and lower in the US, yet neither central bank regards such a change as consistent with domestic economic stabilisation.

Such conflicts between domestic and external stabilisation ultimately disappear only when changes in external balances undermine the credibility of exchange rate stability. This happened in the case of the UK last year, is likely to prove true of the US in the course of this year and may prove true even of the EMS in the longer term.

Such a world appears bound to experience instability, as foreign exchange markets oscillate between interest-rate-regarding complacency and external-deficit-regarding panic. If so, experience in the EMS suggests that a really strong commitment to exchange rate stabilisation may prove a self-sustaining response, regardless of what happens to trade balances. But such a system could also break down rather dramatically in the face of growing trade deficits, once any doubt about the commitment to exchange rate stability emerges. Meanwhile, experience with the looser stabilisation among the three main industrial countries suggests that it tends to create the conditions that undermine it. The result is a bumpy path, both for interest rates and exchange rates.

Whatever the chosen response — tight management à la EMS, looser management or even freely floating exchange rates — one thing is quite clear: a world in which capital dominates trade is also one that is steadily undermining habitual notions of what external "balance" means and how far external accounts can be managed. There is no simple technique of macroeconomic co-ordination that can ensure the combination of a zero balance in external accounts with internal economic equilibrium. Governments can do little more than hold on and hope.

Sir David Alliance is a dealmaker. Since his arrival in Britain as a proverbially penniless émigré in the 1950s, he has created Coats Vinylla, the biggest textile group in Europe, by making deal, after deal, after deal.

Sometimes the City has been less sanguine. But this week's news that Sir David was tying together a 235m deal to take over Tootal, one of Coats' chief competitors, was greeted with incredulity.

Ostensibly the Tootal deal bows all the trappings of the Alliance style: from the stealthy share buying, to secret meetings and a midnight deadline. But this deal is different in that the others were done against a backdrop of success. Now Sir David is buying a new owner at a time when his own company is in trouble.

All the big British textile groups have suffered in the last year or so, but Coats has suffered more than most. Yet instead of concentrating on completing the painful process of reorganising his existing interests — as the City had hoped — Sir David has done yet another deal.

Moreover, he is unabashed. Coats, he says, is no longer in trouble, its restructuring is almost completed and the opportunity to acquire Tootal was too good to miss.

Sir David's a rags-to-riches tale. He arrived on the smoggy streets of Manchester as a 17-year-old Iranian boy with no money and no English. He now presides over an international empire with a workforce of 85,000 from a London office where the walls are lined with L.S. Lowry's oil paintings of industrial Lancashire.

He is a sly and complex man of 56 whose accent still betrays his Iranian origins. As a Sephardic Jew and a supporter of the Shah, he has not returned to his homeland since before the revolution in 1979. "It is very painful for anyone to be able to go back to their place of birth," he said. "I have lived in Britain for most of my life, but I am still a for-

FT writers in London, Bonn and Tokyo on the impact of the rising dollar

EVENTS THIS WEEK are yet another reminder that in a world of free capital movements and uncertain exchange rates, movements of capital are more important determinants of exchange rates from day to day (or even month to month) than persistent current account "imbalances."

Capital flows respond to risk-adjusted yield differentials between the currencies. Success in stabilising the dollar since early 1988, along with stability within the exchange rate mechanism of the European Monetary System, has reduced the perceived risks of investing in inflation-prone, high-yielding currencies. The result is pressure to reduce interest rate differentials, pressure that will reverse once uncertainty about the direction of the weaker currencies

increases.

If intervention were to continue to be ineffective, the logical response to dollar strength would be higher interest rates in West Germany and Japan and lower rates in the US. At present the authorities are resisting these adjustments, partly because they do not know how persistent dollar strength will turn out to be.

The more fundamental question is how the exchange rate vis-à-vis the dollar fits in with other objectives. In this respect, there are key differences between West Germany and Japan, one being that over the past few years the D-Mark has been weaker against the dollar than the yen. Another is that the Bundesbank has shown little reluctance to raise interest rates.

But these increases in German interest rates have been motivated only in part by the weakness of the exchange rate against the dollar. They have also been ineffective in strengthening the currency. The reason for this ineffectiveness is related to why the German authorities are less concerned than the Japanese about the dollar exchange rate.

In 1988 West Germany's trade surplus with the US was a mere \$9.4bn, while Japan's was \$49.1bn. Only 7 per cent of German trade is with the US, compared with 20 per cent of Japan's. Above all, 70 per cent of West Germany's trade in 1988 was with other European countries, its trade surplus with these countries being \$66bn.

In the European context, the EMS has ensured long-term competitive-

ness for West German export industry. In fact, the EMS contributes to the weakness of the D-Mark. So long as parities are expected to be preserved within the EMS, the interest differential in favour of other European currencies encourages capital outflows from West Germany, which offset growing German trade surpluses. At the same time, the decisions of other EMS members, like France, impose some constraint on the willingness of the Bundesbank to raise interest rates.

For Japan, by contrast, the economic relationship with the US is of overwhelming importance. The difficulty for the Japanese authorities is that the one instrument, the rate of interest, has both to maintain growth, of domestic demand and support the

currency against the dollar. So far the former objective has won. As concern grows about inflation and the external position, this is likely to change. Not having made any significant moves on interest rates, the Japanese monetary authorities have considerable room for manoeuvre.

Notwithstanding the differences between the two countries, the outcome is likely to be the same. If the dollar continues to rise, despite persistent intervention, and inflationary pressures remain a concern in West Germany, and become increasingly important in Japan, interest rates are likely to go up in both countries. The questions would rather be when and by how much.

Martin Wolf, London

Differing standpoints

Mr Karl Otto Pöhl, the central bank's president, has been voicing concern for several months that present exchange rate trends risk exacerbating world economic imbalances.

The Bundesbank expects that West Germany's current account surplus, a record DM 85.2bn last year, will grow to between DM 90bn and DM 100bn this year.

The most immediate Bundesbank concern comes from the threat of higher inflation. External price pressures caused by economic overheating in its trading partners work through very quickly to West Germany's international open economy. And they are magnified when, as at present, the D-Mark is weak.

The Bundesbank sees things differently. It worries that the D-Mark's weakness mirrors not only relatively low German interest rates, but also foreign exchange market preoccupation about indecision in Chancellor Helmut Kohl's coalition. The markets have been unsettled by Bonn's dispute in Nato over nuclear arms control, as well as by other policy zig-zags.

The most blatant example has been Bonn's manoeuvring over the withholding tax on domestic savings and investments announced last year.

This depressed the D-Mark by helping spur large outflows of German securities. Investment towards tax-free Luxembourg.

Mr Waigel has just decided to abolish the tax — but the news has had little effect so far in stiffening the D-Mark.

The message from Frankfurt is that, if a change in Government towards a Social Democrat-Green coalition at the next general election in December 1990 starts to look likely, the D-Mark will come under much heavier pressure. The Bundesbank wants to avoid that industry, flush with profits, may not hold firm against high price claims.

In view of the monetary conundrum posed by the D-Mark's weakness, co-ordination between Bonn and Frankfurt is of utmost importance. Mr Pöhl's position is complicated by the sometimes rebellious nature of other members of the central bank's 18-strong governing council. They all have an equal vote in deciding credit policy.

Despite the Bundesbank's much-vaunted autonomy, it is not immune to political pressure. A phone call from Chancellor Kohl tipped the balance

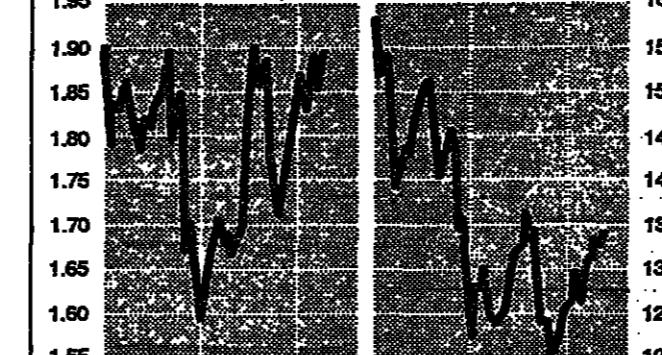
in prodding the Bundesbank into its now-controversial decision in December 1987 to cut its discount rate to a record low 2.5 per cent.

Moreover, Mr Pöhl, a member of the Social Democratic Party (who no longer plays an active role in the party), has not forgotten that Mr Waigel, from the Bavarian conservative Christian Social Union, spoke out publicly against his appointment as Bundesbank chief in 1979.

David Marsh, Bonn

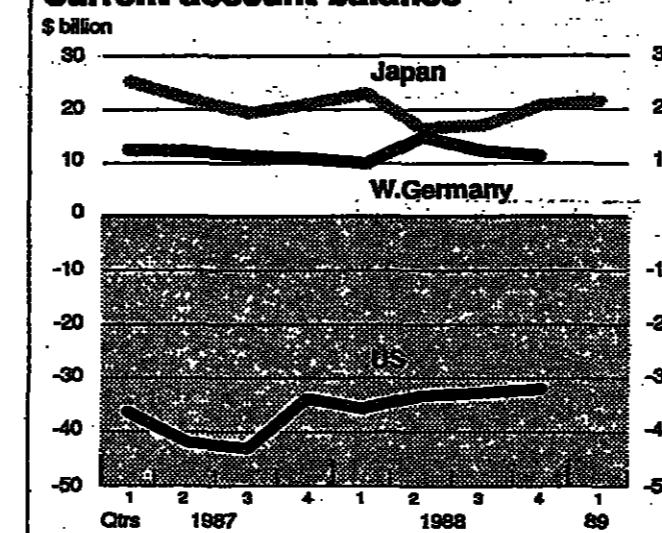
Dollar

Against the D-Mark (DM per \$)



Current account balance

\$ billion



Federal Reserve has not made a serious attempt to drive the US currency back to, say, Y130. A strong dollar dampens fears of inflation and makes further increases in US interest rates less likely.

Then, there is the rise in oil prices. The power of Japanese manufacturing makes it easy to forget that the country remains dependent on imports for its energy. Daiwa Research Institute, an affiliate of Daiwa Securities, calculates that a 1 per cent rise in oil prices tends to produce a 0.17 per cent decline in the yen. Oil prices have risen by about 50 per cent since last year.

Finally, there is the Recruit scandal. Japanese analysts say the impact of the affair on the market has been exaggerated by foreign observers. But they do not dismiss it entirely, given the ruling party's failure to find a successor Prime Minister to Mr Noboru Takeshita.

There is a limit to how long some of these will continue to support the dollar. The Recruit affair will eventually pass. Oil prices may fall in the summer, especially if recent price increases prompt members of the Organisation of Petroleum Exporting Countries (Opec) to start cheating on their quotas.

Moreover, economists in Tokyo say it will soon become clear that US efforts to attack Japan over trade restrictions may result in a few unlikely political successes, but are unlikely to make a significant dent in the US trade deficit for several years.

The Bank of Japan believes the present bout of dollar strength will have little impact on Japanese industry, which has shown its ability to cope with currency shifts. But it thinks a strong dollar will only retard the painfully slow process by which US industry is trying to become more competitive. "We would be more comfortable with a stronger yen," said a senior central bank official this week, "not just in the short term but in the longer term as well."

Stefan Wagstyl, Tokyo

MAN IN THE NEWS

Sir David Alliance



Unrelenting optimist with an eye for a good deal

By Alice Rawsthorn

signer."

His working day begins early and ends late. When he began in business he prided himself on being involved in everything from talking to trade unions, to tussling with suppliers. Even today he insists on tramping around the toilets on his factory tours. There is invariably a moment of warning to every new Ladoga.

Ostensibly the Tootal deal bows all the trappings of the Alliance style: from the stealthy share buying, to secret meetings and a midnight deadline. But this deal is different in that the others were done against a backdrop of success. Now Sir David is buying a new owner at a time when his own company is in trouble.

Moreover, he is unabashed. Coats, he says, is no longer in trouble, its restructuring is almost completed and the opportunity to acquire Tootal was too good to miss.

Coats' Vinylla made everything from sheets to shirts, but only in Britain. Together the two could become a formidable force in international textiles.

Initially everything went well. The textile industry thrived thanks to a competitive exchange rate and healthy consumer spending. Coats' progress was scarcely as scintillating as the City had hoped, but there was no real cause for complaint.

But since last spring the economic environment has changed and the strong pound has unleashed a new surge of imports thereby imposing intense pressure on output and profitability.

Coats has suffered severely. One reason is that it is heavily involved in the weakest areas of textiles, like knitwear and

hand-knitting yarn. Another is that the integration of Coats Patons and Nottingham had been so slow that the group was still in the throes of restructuring and therefore very vulnerable — when the slump set in.

Sir David persists, publicly at least, on seeing the slump as a "blessing in disguise". "If only there had been more time we could have prepared for this. But we will come out of the crisis stronger than we went in," he said.

The cost has been high. Coats shed 4,000 employees last year alone. Profits plummeted on static sales. The group also made the fatal mistake of failing to forewarn the City. Its shares slumped in September when it "revealed an unexpected fall" in interim profits.

The City's confidence in textiles in general — and Coats in particular — collapsed.

Sir David insists that the cost cutting has left Coats in strong shape. Yet the pressure from imports is still intense, despite the dollar's recent recovery. Moreover the slump is now spreading to sectors like clothing and carpets which were relatively resilient last year. Further cuts seem inevitable.

All in all the timing of the Tootal bid scarcely seems propitious. Yet Alliance has rarely resisted a deal. He is never far away from any textile takeover. One company chairman recalls being summoned to his office at the height of a bid to be offered "a ludicrously low price" for a subsidiary and to see him "smiling in a way that suggested he might enjoy knocking my knee cap off."

Sir David has ogled Tootal ever since 1985 when Mr Abe Goldberg, the "Mr Textiles" of Australia, staged his first unsuccessful bid. When Mr Goldberg began to buy shares in Tootal again last autumn, Sir David attacked.

Alliance has already won over the Tootal board. Now he must work on the shareholders. Then he has to prove to the incredulous that Tootal was a deal worth making after all.

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Neil Kinnock's brief appearances at the Commons despatch box to tilt with Mrs Margaret Thatcher provided the most critical moments in his parliamentary week. On Tuesday, the Labour party leader had bigger things on his mind: the encounter represented a minor distraction, during a tense and unpredictable day.

He rose to particularly loud cheers from his own benches to repeat a well-rehearsed accusation concerning under-funding of the National Health Service. After an equally familiar rejoinder from the Prime Minister, he watched Mr John Smith, the Vale of Glamorgan by-election victor, take his seat and then rushed to nearby Transport House.

Waiting for him was the 23-strong national executive committee of the Labour party and a debate on the dumping of its unilateralist nuclear defence strategy, the outcome of which was not entirely a foregone conclusion.

Despite his party's reputation for behaving like an unguided version of the missiles Labour is intent upon scrapping, Mr Kinnock now increasingly has the votes lined up behind him before he opens his mouth on issues of party reform or policy.

As usual, the party leader's office — said by some to have the sharpest political antennae in post-war years but regarded by others as remote and cliqueish — had done its detailed homework. It advised him that the switch to nuclear disarmament by negotiation would win approval.

But although the hard-left's reaction was as certain as its influence on the NEC is small, a footloose, soft-left faction was attracting support for a compromise which could seriously undermine the multilateralist message.

Mr Kinnock made an intensely personal appeal to the NEC. He had marched with CND and, as party leader, had gone to the White House, the Kremlin and the Elysée to argue for unilateralism. But he could no longer support the cause and though it was not intended to be a "kick me or sack me" speech — that might still be needed at the autumn party conference — it had the desired effect.

The defence policy document was passed by a two to one majority, embracing soft-left amendment which was of no concern to Mr Kinnock. The strategy which he had publicly but prematurely first aired last summer had jumped another decisive hurdle.

The Prime Minister wrote off the new strategy as "unilateral

Michael Cassell looks at the implications of the Opposition's retreat from unilateralism

Kinnock leads Labour out of the wilderness

alism in another wrapping" even before it was voted through. If Mr Kinnock finally sells it and the entire policy package to the party, he has to convince the voters that they are increasingly concerned about community values and the quality of life and that they have moved closer to sharing Labour's own ideals.

The implosion of the centre parties has revived two-party politics precisely when Labour is ready to break out from its self-constructed cage.

The party leader who, until earlier this year, was being written off by an uncomfor-

able large number of his own colleagues is back in fashion. There is growing acknowledgement of his recent achievements, though there remains an element of suspended judgement within the party about his performance and about his potential for winning power.

Just as Mr Kinnock stood at the centre of his party's recent despair, so he now commands growing respect and support. It is all heady stuff and, though it may prove ephemeral, the Labour leader possesses a "sense of certainty" about the shift in national opinion.

There certainly is a new spring in the step of Labour's 228 MPs as they head through the members' lobby, under Churchill's scowling statue, and on into the Commons chamber.

For the first time in years, their daydreams of smiling back from the other side of the despatch box at a Tory opposition have been given some credence by an exhilarating whiff of victory.

The party's popularity has

improved in the country, though not by nearly enough to justify any outbreak of euphoria. The polls suggest people are tiring of Mrs Thatcher's radicalism, that they are increasingly concerned about community values and the quality of life and that they have moved closer to sharing Labour's own ideals.

Mr Kinnock's deep dismay at the Tory landslide passed quickly. Rumbling back to London aboard his Red Rose campaign aircraft a week before polling, he had appeared closer to believing Mrs Thatcher could be deprived of power.

After the debate, together with close colleagues, he vowed "never again". Policy-making by resolution was immediately dumped in favour of a two-year consultation and policy development programme.

So far, Labour's timetable to reconstruct itself from the ashes of its third, successive election defeat is broadly on the course set by the party leadership.

In 1983, Mr Kinnock took the helm of a party which had been hijacked by the left and made the first steps towards overhauling a creaking party machine in the grip of unrepresentative activists.

After spending the best part of a year in removing Mr Jim Mortimer, the party general secretary, whom he regarded as an obstacle to progress, the Labour leader's first attempt at democratisation failed. Poor political footwork left the 1984 conference to reject plans to implement one-member-one-vote selection for parliamentary candidates, an issue on which the leader has since got his way.

Given the attention to internal rowdiness and hugely damaging distractions like the miners' strike, Mr Kinnock and his colleagues simply ran out of time when it came to producing a coherent and plausible policy platform for the May 1987 general election.

The party conference six months previously had approved a batch of half-baked, inadequately presented ideas. According to one of the campaign organisers, "We were trying to sell a polo-mint. It was wrapped well but there was big hole in the middle."

The party's popularity has



Neil Kinnock: still some difficult hurdles in sight

however, will need to offer positive responses and neither men did themselves much good this week by snapping back at legitimate questioning.

The party leadership believes it has laid the basis for an appealing electoral mandate which remains true to its socialist principles but which now inevitably acknowledges the indissoluble role of the market. Labour knows it cannot set itself against personal prosperity and the rise of consumerism; instead, it wishes to encourage them but believes the people want a more efficient and fair mechanism for the process if he did not like what he saw.

Its political opponents will portray the entire exercise as one built on expediency rather than any real change of heart. Labour's challenge will be to show it is not merely trying to catch up with Thatcherism but that it has moved on beyond it.

The policy review, however, hardly suggests the party is keen on regaining its radicalism, perhaps hoping Mrs Thatcher has given it a bad name. As yet, there is no "big idea" other than getting her out.

Labour intends to continue to expose what it sees as the failures of Tory economic policies. It will spell out the new challenges facing a post-oil, single market economy and address the anxieties of a society which admits to becoming more greedy, rude and selfish.

It may sound all too reminiscent of the message which delivered a crashing defeat in 1987. But Labour believes there will be a big difference next time. It says it will have shed policies which allowed its enemies to paint it as a party in the pockets of the unions, keen on state control and punitive taxation and desperate to give away its nuclear defences.

Each one of these issues, however, are likely to remain the most uncomfortable areas for the party and the likeliest continuing targets for its political enemies.

Mr Kinnock will play the pivotal role in convincing the voters that Labour offers a credible, alternative government for the first time in a decade. He has also yet to prove that he can lead it.

His closest colleagues privately acknowledge he can still lack, at critical moments, a certainty of mind. They hope that, with firmer ground beneath him, he can now begin to improve what they see as a depressingly poor level of personal support among voters.

Mr Kinnock knows only too well that his leadership would end if Labour suffers a fourth election defeat. He has possibly two years to finish the job. It would be the supreme political irony if the man who brought Labour back from chaos and restored its discipline and restored its discipline and self-confidence failed to take it back to Number 10.

A new school of thought

David Thomas on a plan to ease UK teacher shortages

Heleen Brown was put off by the inability of teachers to value her seven years of banking experience. "They treated you as if you were straight out of the cot."

Mrs Brown thought the organisational skills acquired at the Allied Irish Bank would help her with accelerated promotion when she embarked on a four-year education degree in her mid-30s.

She found the opposite attitude at most of the London and Kent schools where she did teaching practice. One head-teacher even asked her to leave the room when senior teachers discussed issues such as curriculum planning.

It was made plain to Mrs Brown that she would have to wait 10-15 years for significant promotion. "It seemed like a bit of a dead end."

So along with three others of the seven mature students in her year, in college, she plumped for a career outside teaching. She is now running a section of Abbey National's banking operations.

Mark Brew, by contrast, found most teachers helpful once he decided to become a teacher after almost 30 years as an engineer in the automotive controls industry.

It remains to be seen whether the Government has responded adequately to this concern by insisting that licensed teachers undergo a tailor-made training programme before being recognised as fully qualified.

Both Dr Bailey and Mr Brew are on a pioneering scheme specially designed by Hertfordshire education authority to attract mature people with science, maths and technology skills into teaching.

Yet even the Hertfordshire scheme concentrates on two main groups: those like Mr Brew who have long been contemplating a change of direction and women like Dr Bailey who need to combine a job with family commitments.

The ambitions of both these groups in their new career tend to be limited. Education authorities have scarcely begun to consider how to make teaching attractive to a third category: mature entrants like Mrs Brown who would expect to rise more rapidly through the ranks than a 21-year-old fresh out of college.

music teachers by the mid-1990s.

Yet the proposals are also part of a more ideological project. Ministers are dissatisfied with traditional teacher training: its over-concentration on theory and its tendency to reproduce the inward-looking prejudices encountered by Mrs Brown. Licensed teachers are just one of a clutch of Government initiatives to shake up teacher training.

A cynic would dismiss the teaching unions' opposition to licensed teachers as further evidence of their conservatism. Their warnings of a flood of untrained people into the classroom sit uneasily with the fact that fully 53 per cent of secondary teachers take subjects in which they have no qualification beyond A level.

Yet the unions do have a point in their desire to ensure that every licensed teacher is trained in the craft of teaching. Kathryn Bailey decided to put her PhD in plant biochemistry to use by training in her late 30s as a science teacher. "If I had gone straight into the classroom without training, it would have been very difficult," she believes.

It remains to be seen whether the Government has responded adequately to this concern by insisting that licensed teachers undergo a tailor-made training programme before being recognised as fully qualified.

Both Dr Bailey and Mr Brew are on a pioneering scheme specially designed by Hertfordshire education authority to attract mature people with science, maths and technology skills into teaching.

Teachers will soon have to compete with many more strange birds if the Government has its way. The Education Department released final details this week of plans to attract more mature people into teaching.

From September, people aged over 26, with at least two years' higher education and grade C in GCSE maths and English, will be able to train on the job as licensed teachers without taking a full-time teacher training course.

Tackling the growing problem of teacher shortages is the obvious motive for the new scheme. The Government has forecast significant shortfalls of maths, physics, chemistry, technology, languages and

LETTERS

Down at the docks

From Mr John Connolly.

Sir, Mr Nicholas Finney, director of the port employers, uses weasel words (Letters, May 12) to disguise the intentions of the employers towards registered dock workers following the impending abolition of the National Dock Labour Scheme by the Government.

Phrases like "integration and assimilation" of registered dock workers into the rest of the port employers' workforces are used to disguise the threat of job losses and worse working conditions.

This is proved by the port employers' current treatment of those of their workers not protected by the scheme. Proposals made by Associated British Ports — the largest employer in the industry — with regard to non-registered workers at Swansea call for a reduction in engineering staff there from 68 to 16, and their replacement by contractors — the latest in a long line of job cuts made by ABP since its privatisation.

With the dock labour scheme about to go, our members will be "assimilated and integrated" right out of their jobs, with casualisation disguised as "contracting out".

These concerns are daily reinforced by statements made by Mr Finney and his colleagues. He is quoted as saying, in a statement issued by the National Association of Port Employers (May 12), that in order to compete with European ports in 1992 the industry must do away with "out-dated practices such as the dock-labour scheme," indicating

On yer bike

From Mr David Shireff.

that abolition of the scheme may be just the beginning.

The Transport and General Workers Union (TGWU) has sought negotiations with a view to securing a national agreement to ensure that our members continue to enjoy that measure of job security which has hitherto been provided by the dock labour scheme.

For 30p a day they can hire a Flying Pigeon, which is a no-nonsense bicycle. Then they can sail into the stream of Peking cyclists and discover life in a city where the bicycle is as mighty as — if not mightier than — the motor car.

Having experienced the joys of biking in Peking, these CBI businessmen will see the value of a network of safe, pleasant cycle routes through London. Such a network would encourage the health and sanity of the populous and, perhaps, ease some of the congestion which is costing them so many billions of pounds a year.

David Shireff
47 Dryburgh Road, SW15.

overheated economy. But there is always an escape route for the cyclist, either along separate cycle lanes or down side alleys. The bicycle is not only the great leveller (ideal conveyance of communism), but it is also an independence and freedom. It is an antidote to stress and the sedentary life.

London offers nothing like the same advantages: the cyclist is at the bottom of the traffic management heap. Cycle lanes are as elusive as snarks (and often obstructed by parked cars).

Such propaganda helps to identify some inventive trade practices of both the US and the EC. The danger is that it identifies the wrong ones.

For all of the benefits of non-reciprocal trade concessions to developing countries, many of the real horrors stories of restrictive trading are those practices which have been used by both the EC and the US against some of the poorest countries in the world.

The EC has restricted a bizarre range of products: fertiliser from Trinidad, fishing files from Malawi, shirts from Bangladesh, out-of-season fruit from Kenya. In aggregate terms this may not compare with some overtly restrictive trading practices remaining in the richer countries, especially in agriculture.

But by any measure they are crucial to some of the most vulnerable countries.

The United Nations estimates this may not compare with some overtly restrictive trading practices remaining in the richer countries, especially in agriculture.

But by any measure they are crucial to some of the most vulnerable countries.

The United Nations estimates

that some of the most vulnerable countries in the world are those which have the lowest standards of living.

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the EC has adopted a

policy of protectionism.

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UK COMPANY NEWS

Wm Low's bid for Budgens is called off

By Nikki Tait

THE RECOMMENDED £134m bid by William Low for Budgens has been aborted.

The announcement came late yesterday afternoon, although shares of both companies had been suspended when trading commenced. The offer would not proceed was made with the consent of the Take-over Panel, the UK watchdog on bid activity.

The announcement said that both William Low, which has 63 supermarkets and supermarkets in Scotland and the north of England, and Budgens, which take in 142 small-to-medium sized supermarket chains largely in the south of England, continued to support the retailing logic involved in combining the businesses.

But, it went on, "differences in expectations about the financing for the combined group have become apparent in the course of the preparation of the offer document."

Low, backed by its advisers, S. G. Warburg, decided that it could not recommend the offer to its own shareholders whose approval would have been needed. Given this, Budgens agreed that there was little point in having the offer docu-

ments posted.

Yesterday, neither side would elaborate on the wording of the statement — although there were firm indications that the problem had rested on financial aspects of merger rather than retailing ones. Nor would the Low camp indicate why the problems had taken so long to come to light, given that the deal was recommended in the first place and that, in the words of one adviser, "it wasn't an overnight matter".

Analysts, also lacking information, were inclined to suggest that the abortive deal could reflect badly on both sides — Low's management for going into the merger in the first place and at Budgens, the question marks which might be prompted over the group's precise financial position.

However, Budgens chief executive Mr John Fletcher stressed that he had confidence in Budgens and its future. Mr Fletcher would not have joined the merged group, but now says he will stay with Budgens.

Budgens shares were suspended at 146p and Low at 235p.

Incorrect report knocks £40m off Pearson shares

By Raymond Shoddy

THE SHARES of Pearson, the publishing, banking and oil services group which publishes the Financial Times, fell 15p yesterday to close at 695p following an incorrect news agency report that the company expected lower profits for the first half of this year. This knocked almost £40m off Pearson's market valuation.

The Reuters story — filed at 3.12pm — quoted Lord Blakenham, the Pearson chairman and chief executive, as saying at the annual general meeting yesterday that "the company expected a lower result for the first half of 1989, compared to the year-ago period".

Later Pearson issued a statement that at the annual meeting Lord Blakenham said the year had started well for the group.

Contrary to Reuters' report he did not say that profits for

the first half would be lower than last year's," the Pearson statement said.

Just after 6pm, after the London markets had closed, Reuters issued a correction saying that the original story should have quoted Lord Blakenham as saying that "first half results for 1989 will be lower than the second half of 1988".

At the meeting Lord Blakenham said the 1988 first half would not benefit from the one-off gain from the sale of its West Thurrock property.

Admission-Wesley, the US publisher which Pearson bought last March, usually made a first quarter loss because of the seasonal nature of its business and this would be reflected in Pearson's interim results.

Pearson increased pre-tax profits by 31 per cent to £198.9m in 1988.

Arbitrageurs continue scooping up BMP shares

By Nikki Tait

THE ARBITRAGEURS have continued to buy in at Boase Massini Pollitt, the UK-based advertising agency and marketing services company which is fighting off a revised £18.5m bid from the French Boulet Du Dupuy Pefit agency.

Yesterday's share disclosures showed that Spear Leeks Kellog, a New York firm of stockbrokers, has built up a holding of just over 1 per cent in BMP. It acquired a further 50,000 shares at 341p on Thursday to take its total holding to 375,000 shares or 1.09 per cent.

Intriguingly, the shares were bought through Warburg Securities, which acts as brokers to BMP itself, although the purchaser said it was not an associate of the offeree company. This prompted immediate queries from BMP's advisers to the authorities.

However, Warburg Securities later said that one of its

salesmen had received an unsolicited order for the shares, which he duly executed — and that this was quite independent of the Warburg Securities corporate finance arm, which was working for BMP.

Also in the market on Thursday was Wertheim Schroder, the US investment banking arm of Schroders, which bought another 125,000 shares at 342p, taking its stake to 4.95 per cent.

However, the largest purchaser was BDDP itself, picking up 475,000 shares at 343p and 470,000 at 340p. This means that it now owns 13.27 per cent of its target.

All the purchases were made below the 345p cash offer now on the table from BDDP. Yesterday, BMP shares eased 1p to 343p. BDDP also speedily dispatched its new offer document yesterday.

Playing a chess game with golden pieces

Kenneth Gooding on the latest gambits and ploys in Minorco's bid for Gold Fields

IT HAS been an astonishingly long and complex battle for Britain's biggest and longest-running takeover.

Complexity has been laid on with a vested interest in the outcome of Minorco's £23.5m offer for Consolidated Gold Fields could be fought for losing some of the proceeds.

To help pull them together, here is a summary of the main events which have apparently left the outcome in the hands of a New York judge.

The week began with Minorco, the South African-controlled investment group, owning, or having acceptances for, nearly 30 per cent of the diversified UK mining group. But Gold Fields would not admit defeat because the US federal court had enjoined Minorco from buying any more Gold Fields' shares than the nearly 30 per cent it owned before the bid was launched.

On Tuesday, the UK's Take-over Panel ordered Gold Fields either to withdraw from the US court action or to put the matter to an extraordinary meeting of its shareholders.

Gold Fields withdrew the

same day. The Panel had been willing to allow an unprecedented extension of the bid timetable to June 7 to give time for a special meeting. However, by withdrawing, Gold Fields kept the original deadline of May 17 in place.

The Panel admitted that its ruling might not affect the outcome of the bid because Newmont Mining, the biggest US gold producer and a party to the US court action, had no

intention of withdrawing and wanted the injunction to remain in place.

Gold Fields owns 49 per cent of Newmont, but the Panel took the view that the US company was not put under any pressure by Gold Fields to take part in the US case. There were no grounds for preventing Newmont pursuing its own interests in court.

The very next day Newmont did just that. It went back to

Evode wins

£87m bid battle for Chamberlain Phipps

By Philip Coggan

EVODE, the plastics and chemicals group, yesterday clinched victory in the £87m bid battle for Chamberlain Phipps, the shoe components and adhesives group.

By the 1pm bid close, Evode owned or had received acceptances in respect of 53.1 per cent of Chamberlain's equity. Acceptances were 49.1 per cent, including 11 per cent from Sarcom, a company acting in concert with Evode.

Before the bid battle began, Evode owned 4 per cent of Chamberlain's equity.

Sources for Evode's all-share

bid means defeat for the rival 230p per share cash offer from Bowater Industries, the packaging and industrial products group. Bowater had picked up 23.5 per cent of Evode's equity in the market and had acceptances for a further 7.2 per cent.

There seems to have been two crucial factors in Evode's favour.

The first was the recommendation of the Chamberlain board, made late in the day, which appears to have caused many institutions to back Evode. The second was the day when both parties increased their offers. Evode announced its higher bid just seven minutes after Bowater, enabling Kleinwort Benson, its broker, to pick up a crucial 11 per cent stake in the market, while the Evode offer was temporarily worth more than Bowater's.

It appears that the insurance institutions tended to back the Evode offer while many unit trust managers sold for cash to Bowater. Evode claimed that integration of the two companies would result in an annualised £3.5m of rationalisation benefits within 18 months.

"We're obviously disappointed we haven't won but we wish them well," said Mr David Lyon, Bowater's chief executive. Bowater plans to sell the shares in Evode it will receive after the bid.

Yesterday Mr Andrew Simon, Evode's chairman, had discussions with Mr Norman Ireland, Bowater's chairman, to see if the stake, which will amount to around 12 to 13 per cent, could be placed in friendly hands.

Evode's shares fell 3p to 187p yesterday, Chamberlain's fell 5p to 220p, while Bowater's were unchanged at 215p. The parties were advised by Morgan Grenfell, Barings and SG Warburg respectively.

Phoenix Timber shares jump 6p

By Philip Coggan

SHARES in Phoenix Timber Group jumped 6p to 76p yesterday after the wood processing company said it planned to close its wharf at Rainham, Essex.

The closure will free a 12-acre Thameside site for disposal.

Mr Peter Quinn, chairman, said the wharf had been trading at a loss since late last year, largely as a result of pressure from Soviet timber exporters to reduce landing charges.

Phoenix plans to use other wharves to import the timber for its processing operation.

Of 68 employees at the facility, 31 are registered under the National Dock Labour Scheme and will return to the London Dock Labour Board.



Demonstrators disrupted BT's annual meeting yesterday for the second year running as they

they were attacking the company's South African subsidiary, BT's Sarmcol, which sacked 850 workers in 1985 following a strike over union recognition. Questions on the subject dominated the meeting which ended in chants of "Blood, Tears, Repression".

The protesters, who included representatives from South Africa's National Union of Metalworkers, criticised Sarmcol's appeal against a Natal Supreme Court decision that an original ruling in favour of the company should be re-tried. They called for a negotiated settlement through an independent tribunal.

They also claimed that former employees at the Sarmcol subsidiary were suffering from economic deprivation and malnutrition as the court case dragged on and that five of BT's South African plants paid less than the minimum wage.

Mr Owen Green, chairman, rejected the demands and said that BT would not instruct its subsidiary to go to arbitration and would not consider diverting from South Africa. He added that "We believe our present there is a presence for the good and we will not succumb to blackmail."

In response to charges that some of BT's operations in South Africa paid their workers less than the minimum level specified by the EC code of conduct, Sir Owen said he had been assured that as of the end of February none of the group's workers fell below this level.

Mr Alan Diamond, a long-term shareholder, said that he was "upset to see the meeting disintegrate and that it made him reluctant to attend next year". He said the size of BT's activities in South Africa did not justify the trouble it caused and that divestment should be considered.

Before the disruption, Sir Owen commented that the current year was going "satisfactorily" and that sales were around 10 per cent up on the same period last year.

— Philip Coggan

Gateway hits out at Isosceles

By Nikki Tait

GATEWAY, Britain's third largest food retailer, yesterday bid out at the £1.73m bid from the newly-formed, institutionally-backed Isosceles company, claiming that "the central issue is value for shareholders".

"Your board's principal objective is to ensure that shareholders fully benefit from the true value of Gateway and its potential," says the group's formal defence document. Previously, the food retailer estimated that Isosceles' financing arrangements — after incurring reported fees of £60m — could allow it to afford a 210p share offer compared the 155p currently on the table. But it says: "This is not a price that could be recommended for a growing company estimating record profits".

Meanwhile, Mr Garry Weston, chairman of Associated British Foods which holds a significant 15 per cent of Gateway, offered some additional support for the defence yesterday. "I said the offer looked low but it now looks even lower," he commented, with reference to Gateway's profit estimates earlier this week.

"One of the reasons Gateway

is important," added Mr Weston, "is its strategic position in the food retail market — and that should be reflected in the price."

But the document brought an equally sharp response from Isosceles which said that Gateway was basing its defence on a profits estimate which begged more questions than it answered. It questioned again the lower-than-expected interest charge in the figures, the source and quality of profits from the Headway property development business, the tax rate, and how Gateway was providing for the premium on redemption of its convertible bonds three years hence.

Margins in the Gateway Foodmarkets remain strong, says the defending group, while its troubled US sporting goods chain "is now well positioned for profitable growth".

In the year to April 29, Herne Bay trading profits were estimated to nudged higher to £3.8m (£3.2m).

Isosceles, meanwhile, also points to the service agreement with Mr Louis Sherwood, the recently-appointed head of the core Gateway Foodmarkets subsidiary, which allows certain "phantom incentives" — essentially phantom share options — to be exercised in the event of a bid pitched 25p above the subscription price of 170p. However, Mr Monk dismissed the suggestion that this in any way endorsed the sale would have major adverse tax implications — crystallising capital gains —

and reduce buying power by over 25%.

And it argues that Isosceles' comparisons of sales per square foot amongst the food retail groups are misleading. In trading margin terms, Gateway has been comparable to Tesco over the past five years, it says.

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Isosceles, meanwhile, also points to the service agreement with Mr Louis Sherwood, the recently-appointed head of the core Gateway Foodmarkets subsidiary, which allows certain "phantom incentives" — essentially phantom share options — to be exercised in the event of a bid pitched 25p above the subscription price of 170p. However, Mr Monk dismissed the suggestion that this in any way endorsed the sale would have major adverse tax implications — crystallising capital gains —

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UK COMPANY NEWS

Flotation set to repay all the group's borrowings
Community Hospitals goes to main market valued at £43.5m

By Clare Pearson

COMMUNITY HOSPITALS Group, the independent health-care group, is coming to the main market in a £20m flotation that values it at £43.5m. About 11m shares, all of which are new, are being sold.

At the offer price of 16p, the prospective p/e for shares is 16.46 on the basis of a profits forecast of not less than £2.25m, up from £1.49m, for the year to June 30. The nominal net dividend is 4.5p, giving a yield of 3.33 per cent.

Community is the fifth largest independent operator of acute hospitals — those with operating facilities — in the country.

It has eight hospitals, one of which is an associate, containing 330 registered beds. In addition, there are three nursing homes under its ownership and one associate, with a total of 123 beds.

The company was founded as a vehicle for investing in private healthcare in 1981. Gradually it moved into active management, and in 1987 it acquired most of the outstanding shareholdings in most of its hospitals.

Sir Peter Thompson, chief executive of NFC, the transport and distribution group, is non-executive chairman. Mr Alan Dexter, a founder director of the Bourne Hall clinic which is best known for its work on fertility, has been chief executive since 1985.

The immediate purpose of the flotation is to repay all the group's borrowings. It also has a five-year development programme, focusing largely on

the extension of out-patient services. Bed occupancy stands at between 50 and 70 per cent.

On the prospects for its acute care side, it points to statistics showing a 16.6 per cent annual growth rate in the private medical insurance market in the five years up to 1987, which saw 10 per cent of the population privately insured.

It also believes changes proposed in the Government's recent White Paper on the National Health Service would on balance be beneficial. If implemented, measures such as the introduction of capital-costing of beds would put private and NHS hospitals on a more equal footing.

The stockbroker is Cazenove & Co and Granville & Co is the issuing house.

Misys buys two UK computer companies

By Alan Cane

MISYS, the specialist in computer software for insurance intermediaries, yesterday confirmed its reputation for aggressive acquisitiveness with the £39.2m purchase of two UK computer companies, Mentor Systems and the TIS group.

Since coming to the US in 1987, Misys has acquired Datalink Computer Services, BOS Software, CP Programming Services and Zyal to form one of the most broadly based and fastest growing of the smaller UK software groups.

This is reflected in the decision announced yesterday, to restructure the company into four divisions: financial services — chiefly Misys' traditional insurance industry systems; business systems involving BOS business software; computer solutions which will add Mentor Systems' expertise in software for the construction industry in International Business Machines and Digital Equipment computers; and open systems which will develop around the TIS group.

Mentor was bought for £12.2m — based on an anticipated pre-tax profit in the year to September 30 1989 of £1.7m. The TIS group cost £26.1m and this was based on warranted pre-tax profit in the year to May 31 1989 of £3.3m.

The purchase is being wholly financed by an open offer of 9.6m ordinary shares at 415p per share. This will represent 33.8 per cent of the enlarged ordinary share capital. Existing shareholders are being invited to apply for 11 offer shares for every 57 ordinary shares held. The group is now capitalised at about £120m and Mr Ross Graham, finance director, said he expected the group would be looking for a full listing at an appropriate time — probably in the autumn.

The Mentor and TIS acquisitions give Misys a substantial foothold in the world of systems based on "Unix" software which is widely regarded as the most promising and fastest growing area of the business systems marketplace.

Dowty mining

DOWTY GROUP, the electronics and high-technology engineering company, has completed the sale of its mining equipment subsidiary to management, realising a total of £43.2m from the disposal. This includes the sale proceeds of £26.9m plus £3.3m which the division remitted to reduce its intra-group loans.

Dowty, which has lent £5m to the division to help finance the buy-out, has the right to acquire at a nominal cost 15 per cent of the company in 1997 or if it is refinanced, floated or sold.

The buy-out is backed by Westpac Banking Corporation which arranged facilities totalling £44.8m.

Economic Diary

TODAY: Nuclear power station at Torness opens.

TOMORROW: National Savings monthly progress report (April). Argentine general elections. Final round of elections to Soviet parliament. Electricians union (EEETPU) holds annual conference in Jersey.

MONDAY:

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INTERNATIONAL COMPANIES AND FINANCE

Consortium wins go-ahead for PNG mine

By Chris Sherwell in Sydney

AN INTERNATIONAL consortium of three mining companies has won a formal go-ahead from the Papua New Guinea Government to mine one of the world's richest gold deposits, after seven months of patient negotiation and a delicate political dance.

A set of agreements signed yesterday for the development of the Porgera mine, located in the country's central highlands, will set a precedent for a large array of big mining projects which are the key to Papua New Guinea's future economic development.

The most important of yesterday's pacts is with the consortium, which comprises Placer Pacific, part of the Canadian Placer group, Renison Goldfields, an associate of Consolidated Goldfields, and Highlands Gold, a subsidiary of Australia's Mim group.

Electrolux to buy Buderus operations

By Sara Webb

in Stockholm

ELECTROLUX of Sweden, the world's leading white goods manufacturer, announced yesterday that it is boosting its presence in the West German market for cookers and commercial appliances by taking over the Buderus Group's household appliances, commercial laundry and food service equipment operations.

The size of the deal was not disclosed, but the two factories which Electrolux is acquiring employ 2,400 people and will add sales of SKr1.55bn (\$340m) to the cookers business. Electrolux currently has annual sales of SKr4.5bn in West Germany out of a total worldwide sales of SKr7.4bn.

Mr Anders Scharp, chief executive, said: "We need to improve our presence in West Germany. The kitchens there tend to be built in with very high specifications which means the appliances are the key to success in sales."

Buderus, which is part of the Feidmühle-Nobel paper, explosives and engineering group, recently invested in a modern range of kitchen cookers at its household appliances division.

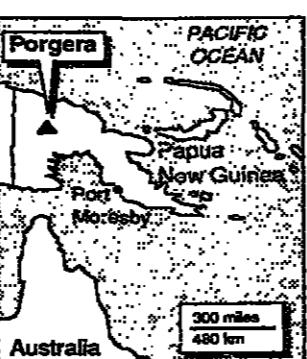
However, the division, which also sells products made by other manufacturers (though not Electrolux), has shown a loss for a few years and Electrolux said it would take over that part of the company at the beginning of 1990 once restructuring there had been completed.

The food service equipment and commercial laundry operations, which Electrolux will take over immediately, are "in a break-even situation," according to Mr Scharp.

The Kina 650m (\$764m) project allows immediate exploitation of a rocky mountain called Warwari, a remarkable resource in the mists of Porgera consisting of 5.5m tonnes of underground mineable rock containing 27g of gold per tonne, and another 34.6m tonnes containing about 6g of gold per tonne.

Extraction from the high-grade zone will begin in 15 months, and an open-cut mine will start operation above it two years later. In its first six years, Porgera will produce some 800,000 ounces of gold at a cost of just US\$105 per ounce.

The other agreements are with the Enga provincial government and with Porgera's local landowners, many of whom have settled in the area since the mining companies found the deposit in the late 1970s. These agreements pro-



vide for local equity participation and a sharing of royalties and tax revenues.

In the past few months, the Port Moresby Government has come under enormous conflicting pressures from those want-

ing an early agreement with the companies, so that the development can go ahead, and from those most affected, to ensure that adequate compensation is paid.

Yesterday Mr Robbie Natima, the Prime Minister, said an agreement had finally been reached on a "balanced and realistic stand" on development, and described the signing as a "milestone in the development of Papua New Guinea."

The Porgera deposit is described by the consortium as "one of the most exciting gold discoveries of our time" and will clearly provide a clear boost for Papua New Guinea's fledgling economy. Some Kina 640m will fill local coffers over the 20 years of the mine's life, and total receipts from the mine will be Kina 3.9bn.

The Government will be taking a 10 per cent stake in the companies, so that the development can go ahead, and from those most affected, to ensure that adequate compensation is paid.

In addition, the 1.25 per cent royalty proceeds will be divided up so that 80 per cent will go to the provincial authorities, 5 per cent will go to the landowners, 5 per cent to village projects and the remaining 10 per cent will be invested in a special fund for future generations.

Porgera is the fourth major mine to start up in Papua New Guinea. CRA's Bougainville Copper began work in 1982, and the Ok Tedi gold and copper mine, involving a BHP-led consortium, started in 1984. Production at Placer's Misima Island gold mine began this week.

Japan lifts curbs on issues for foreigners

By Michiya Nakamoto

in Tokyo

JAPAN'S Ministry of Finance will allow foreign companies not listed on the Tokyo Stock Exchange to raise capital in Japan through public offerings from June.

The decision was made in response to criticism that foreign companies had to meet strict requirements in order to issue public offerings in Japan, requirements that Japanese companies did not face in the US or Europe.

Although there are no clearly defined rules on public offerings by foreign companies, foreigners hoping to issue shares in Japan are required to be listed on the TSE or be planning a listing.

This requirement has made it difficult for foreigners to raise capital in Japan since listing regulations are strict and time-consuming.

The new rules, to be implemented in the form of voluntary industry rules, aim to bring public offering requirements for foreign companies in line with those for Japanese companies.

Under the new rules, foreigners will be able to issue shares in Japan if their earnings per share are more than 20 per cent of the shares' face value and if they are either listed or planning to be listed on at least one stock exchange of the 24-member nations of the Organisation of Economic Co-operation and Development.

Furthermore, public offerings by foreign companies which do not meet these requirements will be dealt with flexibly. The ministry is also considering allowing the shares of companies not listed on the TSE to be traded over-the-counter.

Meanwhile, the unfair practices sub-committee of the Securities Transactions Council is expected to recommend in a report it will submit to the MoF at the end of the month, a 5 per cent rule governing the disclosure of shareholdings.

The new rule will require the disclosure of shares exceeding 5 per cent of an issuer's outstanding stock or of any purchase thereafter that exceeds 1 per cent.

All securities that are convertible into stock, such as convertible bonds, warrant bonds and options will be subject to the new rule.

A 10 per cent disclosure rule came into effect for the first time last October.

The authorities, however, have felt the need to lower the disclosure requirement to offer companies and their shareholders further protection against greenmailers.

Proposition 103 procedures to be decided in August

By Nick Bunker and Louise Kehoe

in Tokyo

PROPERTY/CASUALTY insurers in California face another three-month wait before learning how Ms Roxanne Gillespie, the insurance commissioner, will police them under the state's Proposition 103 price-regulation measure.

The delay is to allow hearings this August to sort out the procedures Ms Gillespie will use after November when she has to start a "prior approval" process to determine what insurers can charge.

Under Proposition 103, largely upheld by the state's Supreme Court on May 4, insurers must cut their rates by 20 per cent immediately, unless that would deny them a fair return.

But Proposition 103 also says that any rate increases after November 1989 for standard types of property/casualty insurance will require prior approval from the commissioner to ensure they are not "excessive, inadequate, or unfairly discriminatory."

However, the August hearings, which will focus on prior approval rather than the 20 per cent roll-back, may provoke a fair level of profitability.

Insurance industry lawyers are taking cover, though, from the May 4 Supreme Court decision, which quotes approvingly from a leading case in US regulatory law, *Federal Power Commission vs Hope Natural Gas* (1944). This said regulators of public utilities had to allow them to set prices to enable their debt and build up retained profits.

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AMERICA

Producer prices data lift Dow to post-crash high

Wall Street

APRIL'S lower-than-expected gain in US producer prices provided a long-awaited boost for the equity market, which surged to post-crash highs after a miserable week, writes *Janet Bush in New York*.

At 2pm, the Dow Jones Industrial Average had jumped 45.09 points to 2,427.97 on active volume of 12.6m shares. The last post-crash high was on April 27, when the Dow closed at 2,413.99, a peak that was followed by a string of eight declining sessions.

The market had been trapped in a narrow range all last week as dealers and investors waited for yesterday's producer price index, which was expected to have risen by 0.7 per cent, driven up by higher energy prices.

The rise of only 0.4 per cent was well below any market expectations and immediately triggered a huge rally in the US Treasury bond market and failed to dent confidence in the dollar, the performance of which has been quite remarkable in the face of mounting evidence of economic deceleration.

EUROPE

Paris takes its cue from abroad, jumping by 1%

THE US producer price figures proved a fillip for those Euro pean bourses still trading, but markets closed mixed overall, restrained by Monday's holidays, writes *Our Markets Staff*.

PARIS perked up in afternoon trading as the US statistics met with a sigh of relief, encouraging demand. Share prices rose by almost 1 per cent, after an early climb of about 0.25 per cent.

Oil stocks were strong and active, in spite of stable oil prices, with BP France putting in the highest jump of the day, up 4.9 per cent at FF1108, a gain of FF12. Total rose FF17, or 3.9 per cent, to FF422 after news of a 28 per cent rise in first quarter revenue.

A block sale by Suez of about 4 per cent of the stock of Cercus, fuelled speculation about the possible buyout; and Cercus, the French holding company of Mr Carlo De Benedetti, finished unchanged at FF1437, after an early rise of FF11.90 on volume of about 720,000 shares.

The MSCI 50 index rose 6.01 to 480.13, for a week's gain of 0.4 per cent. The CAC 40 index was unavailable.

Volumes picked up in late trading but were still estimated at a modest FF1.5bn as trading continued to be restricted by the bourse's forthcoming holiday.

FRANKFURT spent the day holding its breath before the US producer prices figures, which came in after the close. Even though they proved to be above expectations, "things did not pick up much in the after-market," said one analyst.

The previous day's much worse-than-expected domestic wholesale price data kept the market in check in the morning. Fears that the Bundesbank would raise interest rates on Thursday or at its following meeting also caused concern.

Moreover, there was some selling of long positions in view of Monday's closure and prices eased further.

The DAX index ended 10.85 down at 1,347.84, taking its decline for the week as a whole to 2.3 per cent. The FAZ index, based on midday prices, fell

1.1 per cent this year and to 1.7 per cent in 1989.

While the report displayed confidence that there would be no recession, it still expressed concern about inflation. It forecast a rise in consumer prices of 5 per cent in both 1989 and 1990.

Blue chips registered healthy gains. IBM jumped \$1.4 to \$110. Merck added \$1.1 to \$70. FW Woolworth gained \$2 to \$50 and Philip Morris was up \$1 at \$114.

Financial markets were particularly impressed with the fact that the PPI actually fell 0.2 per cent when the energy component, which surged 7.2 per cent, was stripped out. Without food and energy, the index fell 0.1 per cent.

Among featured individual stocks, Olympe Group added \$1 to \$33 in over-the-counter trading as the company said that it had entered talks with the US WPF, which is offering \$50 a share for the company.

Canada

NEWS of the US producer price figure boosted Toronto, which had risen sharply by midday. Prices were also buoyed by strong bond prices.

A report by the Business Council, a grouping of 83 leading executives, was published yesterday and predicted that growth would fall to 2.9 per

cent this year and 1.2 per cent for 1990.

While the report displayed confidence that there would be no recession, it still expressed concern about inflation. It forecast a rise in consumer prices of 5 per cent in both 1989 and 1990.

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EUROPE

Interest rate fears continue to haunt Nikkei

THE FAILURE 10 days ago of a small Milanese stockbroker has caused a two-week delay in the settlement of April equity accounts on the Milan stock exchange, writes *Alan Friedman in Milan*.

On May 2, Mr Gerardo Giugni announced that the tiny broking firm bearing his name was insolvent and unable to meet debts of less than the equivalent of \$1m. As a result, the settlement of April transactions has been delayed as investors await a rescue.

MADRID was a Repsol story once again, as trading in the newly-privatised oil group dominated an otherwise quiet market.

Repsol rose 16.5 points to 424.00 and was rumoured to have seen about 200 shares change hands after no trades on Thursday. Institutions were buying at prices between 418 and 424.50, in order to boost what were considered to be small allocations from the public offering, according to one Madrid analyst.

The general index eased 0.38 to 367.60. Volume was relatively low at DM23.5m.

Thyssen, the steel and engineering group, slipped 30 pts to DM228.50. The company said its first half results had been very good and it would probably announce interim figures for the first time on Thursday.

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BRUSSELS finished higher after a final-hour rally spurred by the US data. The cash market index rose to a record 6,005.80, up 8.44. Over the week, the index rose 0.8 per cent.

STOCKHOLM saw blue chips rise an average 0.4 per cent in relatively active trading, fuelled by strong demand for Ericsson shares.

High expectations before Ericsson's interim results, due on Tuesday, pushed price B shares up SKR11 to SKR468. Ericsson will be releasing first quarter figures for the first time which are expected to be strong.

A further cloud was cast over the market by reports later in the day that Mr Massayoshi Ito, the senior Liberal Democratic Party executive,

had formally turned down a request to succeed Prime Minister Takeshi.

Analysts said that the only reassuring sign for the market was the fact that share prices had largely recovered from a sharp downturn in share prices, writes *Michigan Nakamoto in Tokyo*.

Special situation issues were selected in Osaka, but an absence of overall interest saw the OSE average fall 7.63 to 22,962.00. Turnover shrank to 58,140 shares against 90,050 traded on Thursday.

Sumitomo Precision, which makes aircraft parts and hydraulic equipment, advanced 150 to Y1,520.

THE RELEASE of US data on producer prices, due after the close of Asia Pacific markets,

was a negative force in Singapore and Hong Kong, but Australia concentrated on domestic issues and ended at its highest level since January 31.

AUSTRALIA rose to its best level in more than three months as the strong demand for News Corp shares helped the All Ordinaries index gain 2.25 to 1,268.00, but finished above its lows on late bargain-hunting.

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FT ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS

	THURSDAY MAY 11 1989		WEDNESDAY MAY 10 1989		DOLLAR INDEX							
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change %	Gross Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Figures in parentheses show number of stocks per grouping												
Australia (88)	136.84	+0.8	121.31	115.00	+0.9	4.85	195.79	120.41	113.85	157.12	128.28	118.08
Austria (19)	123.05	-0.5	109.52	122.19	-0.2	2.17	123.84	105.94	101.20	136.52	94.91	94.91
Belgium (83)	132.33	-0.5	117.79	131.18	+0.6	3.54	197.94	127.10	126.52	127.15	127.15	118.57
Canada (127)	138.00	+0.8	106.21	122.24	-0.1	3.39	194.66	119.41	115.50	137.27	124.67	118.57
Denmark (36)	140.45	-0.8	133.03	133.64	-0.3	1.57	161.03	160.52	162.51	181.03	165.35	120.41
Finland (28)	116.85	-0.9	104.01	116.59	-0.3	3.16	117.87	104.52	118.33	122.73	112.57	88.68
West Germany (100)	84.45	-0.8	75.18	84.81	-0.4	2.39	85.17	75.52	84.35	90.40	81.77	72.44
Hong Kong (49)	139.63	+0.2	124.30	138.44	+0.1	3.07	192.30	122.33	117.50	139.20	111.90	101.11
Ireland (17)	145.37	-0.5	129.40	145.51	-0.3	2.97	148.12	126.56	145.59	151.36	125.00	122.09
Italy (98)	78.57	-0.8	70.24	70.24	-0.1	0.54	80.24	71.15	83.19	88.86	76.16	73.23
Japan (455)	180.24	+0.1	162.92	180.28	+0.1	0.47	181.22	168.56	182.45	200.11	180.30	172.62
Malaysia (36)	178.25	+0.1	162.90	182.24	+0.0	2.52	182.29	161.64	182.24	182.70	143.35	129.88
Philippines (14)	178.25	-1.4	158.85	178.80	-1.3	1.05	180.74	160.27	183.26	182.88	153.35	133.36
Netherlands (42)	117.73	-0.2	104.80	116.55	+0.1	4.45	118.13	104.75	115.71	122.22	110.63	104.59
New Zealand (24)	71.48	-0.3	63.63	61.61	-0.3	5.99	71.71	63.59	61.36	76.02	66.84	78.67
Norway (26)	181.83	-1.5	161.88	170.73	-1.0	1.56	184.88	162.74	172.50	184.88	141.40	114.00
Singapore (26)	157.18	+0.8	139.84	141.68	+0.2	1.91	157.90	141.50	152.27	145.57	110.84	102.84
South Africa (60)	135.95	+0.2	121.05	128.50	+0.0	2.27	121.54	112.55	124.50	125.35	112.55	102.99
Spain (42)	152.95	-0.5	139.20	152.90	-0.0	3.56	153.74	136.32	137.96	156.17	143.14	146.02
Sweden (35)	172.22	-1.0										

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which business was done in the 24 hours up to 5pm on Thursday and settled through the Stock Exchange Talieman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rules 256(2) and 273 Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County

Stocks No. of bargains included 5

Greater London Council 6% Std 90/92 - 227 (4)

Birmingham Corp 3% Std 19/47 after - 228

Bristol City 11% Std 2008 - 1016 (5)

Leeds City 11% Std 2005 - 1020 (5)

Liverpool Corp 3% Std 19/47 after - 227

Manchester Corp 4% Std 2007 - 1019 (5)

Nottingham Corp 4% Std 2005 - 1011 (5)

Newcastle Upon Tyne City 11% Std 2008 - 1017 (4)

Sunderland/Burnley 11% Std 2005 - 1012 (5)

Swansea City 13% Std 2008 - 1012 (5)

UK Public Boards

No. of bargains included 5

Agricultural Mortgage Corp PLC 6% Deb Std 92/94 - 279 (4)

Bank of England 6% Std 19/47 after - 228

British Rail 11% Std 2008 - 1016 (5)

BT 10% Std 2005 - 1020 (5)

British Steel 5% Std 1993 - 281 (4)

Port of London Authority 5% Std 49/99 - 228 (5)

UK 6% Ring Std 67/90 - 235 (4)

Foreign Stocks, Bonds, etc.(coupons payable in London) No. of bargains included 5

Government of the UK Public Works Billg Ldn 12/23(2000) - 104 (5)

Council of Europe Settlement Fund 11% Std 19/52 - 239 (4)

European Atomic 5.75% Std 1993 - 388 (5)

English China Clay PLC 6% Cmv Bds 2003 - 1019 (5)

Fluor Corp 5.5% Cmv Bds 1995 - 3450 (5)

Gateway Corporation PLC(Domestic) 5% Ldn 2000/2005 - 1000 (5)

General Motors Accept Corp Canada 11% Std 2/3/94 (BSC)10008/100000 - 1000 (5)

General Motors 5.75% Std 1993 - 388 (5)

Land Securities PLC 5% Cmv Ldn 2007 - 288 (5)

MEPC Cpl 10% Bds 2003 - 281 (4)

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Ministry of Finance 5.75% Std 1993 - 225 (5)

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LONDON STOCK EXCHANGE

New post-Crash highs for equities

Account, Dealing Dates	
First Dealings	May 4 - May 22
Options/Debentures	May 4 - May 22
Money Market	May 4 - May 22
Last Dealings	May 8 - May 19
Account Date	May 15 - May 20
May 15	May 22
Now these dealings may take place before 3.30pm, unless otherwise stated.	

THE CLOUDS over the UK stock market lifted, yesterday when favourable news on retail sales in the US soothed worries over the outlook for global interest rates, for the time being at least. With Wall Street strongly ahead in early dealing, the FT-SE Index jumped to a new post-Crash closing high on significantly increased turnover.

The rise of 26.1 took the FT-SE Index to 2,125.7, just below the day's best of 2,126.5, which set a new trading peak for the period since the market Crash of October 1987. Seat volume increased to 528.7m shares from Thursday's 305.5m, with volume rising towards the

market earlier this week as the rise in the dollar sparked fears that interest rates might be forced higher in Germany, Japan, and also in the UK. The Footsie ended the week with a net gain of 2.8 points after five days of somewhat nervous trading.

Equities moved higher from the opening of the market yesterday, as London took its lead from the more optimistic tone of Wall Street's overnight close. However, the main impetus came in the second half of the session, as Wall Street opened sharply higher on the disclosure that US retail sales had gained only 0.4 per cent last month, against market

estimates of a 0.7 per cent rise. This indicates that inflationary pressures have moderated in the US, or at least are not getting any worse," commented Mr John Reynolds, economist at Prudential Bache. UK Government bonds followed US Federal issues higher, adding around 4%.

The investment institutions continued to show selective interest in UK equities yesterday, as they did earlier in the week. However, there was a good deal of book-squaring as trading houses tidied up after the first week of an equity Account that has seen market-makers struggling with the sporadic forays into the market

close.

Despite its achievement of a new post-Crash high, the UK equity sector has yet to recover the whole of the ground lost on Black Monday, on the eve of the Crash. The FT-SE closed at 2,019.5.

Yesterday's advance recovered the ground lost by the

Rail Pension Fund 8 per cent and the Kuwait Investment Office 7.5 per cent.

Talk in the market suggests that one UK securities house has accumulated a near 4 per cent stake in Tootal over the past couple of months. Market-makers were taking the view yesterday that some kind of share swap or merger, perhaps involving Britainair, could be on the cards.

The easing in global interest rate worries following better than expected news on US retail sales brought a general gain in the international blue chips. But turnover in these stocks was not on any great scale.

In pharmaceuticals, Fisons (286p) followed the market higher but still restrained by recent bearish comment from BZW, the UK securities house. Wellcome (488p) rallied from Thursday's selling, prompted by favourable comments from James Capel, the broker, on the rival anti-Aids product under research at Hoffman-La Roche.

Hanson, at 199p, moved ahead with turnover of 5.2m shares reflecting hints in the market that Monday's trading statement may also bring news of significant corporate developments.

The life assurance sector was restrained, dealers said, by new life figures construed as disappointing for the first quarter. Legal & General were an active market, however, hardening to 321p on turnover of 4m, which included single premiums of £3m. Im and 600,000 shares. "Someone has placed a large lump of shares," said one dealer.

Brewer Whitbread saw its "A" shares climb 9 to 365p, this in spite of two brokers' sell recommendations, one from Flemings and Whitbread could

rise to 375p.

After Thursday's fall amid widespread concern over the £750m Pilkington-linked provi-

sion Grand Metropolitan rallied to close 8 better at 563p on turnover of 3.8m shares.

The heavy end of the building sector continued to make strong progress, but the house building issues remained under a cloud. RMC jumped 16 to 72p, Radland 11 to 53p and Steetley 5 to 45p. George Wimpey held at 231p with dealers convinced that a stake of at least 2 per cent, or 4m shares had been accumulated during the past couple of trading sessions, mostly via the inter-broker dealer screens. They remained equally certain, however, that Wimpey is virtually bid-proof.

A re-rating of the Stores sector appears under way. The quality retail stocks have been firm all week, and yesterday second-liners joined in the wider market's rise. A number of leading brokers, including Warburg Securities and James Capel, are known to be bulls of the sector. "There is a feeling that institutions are underweight in stores," said one trader.

The leaders again drew most of the business. Burton, where a presentation in Paris on Thursday reportedly went well, climbed 13 to 221p on turnover of 9.3m shares. Nikko Securities continues to recommend buying Burton on the grounds of its "aggressive approach to increasing market share and the successful utilisation of in-house resources to add further value through retail property development.

Kingfisher also closed the week in fine fettle, ending the session 11 better at 327p as 3.3m shares changed hands; in the past five trading days the stock has gained 30p, a rise of over 10 per cent. Marks & Spencer maintained their good post-results form, the shares adding another 8% at 188.4p on turnover of 11m. The BZW retail team has taken a very positive stance on M&S and recommends a firm buy: "quality on the cheap," concludes BZW.

Other stocks to post large gains included Batemans, up 12 at 238p, Ward White 7 better at 280p, and Body Shop, 19 to the good at 56p. Mr John Richards of County NatWest Woodstock is a fan of Body Shop. "Next month's figures should demonstrate how well the company continues to trade," said the County analyst.

The customary heavy turnover in the electronics sector returned yesterday, with the big US investment houses said to have been keen buyers of the top electronics issues.

Once again Racal Electronics were one of the US favourites, the shares racing ahead to close 11 higher at 405p on turnover of 8.8m still boosted by the proposed sponsored ADR facility expected to be in place before the end of the summer.

Racal Telecom, the success of

which has been behind the steep rise in Racal Electronics, hardened 2 to 458p in moderate trade. Cable & Wireless, where some analysts were talking of US-style Racal valuations, a forthcoming ADR facility, Mercury flotation, further sales of Hongkong Telecom shares, etc, surged ahead to close 13 stronger at 530p with turnover reaching 5.9m shares.

British Telecom attracted turnover of 5.8m and the stock managed a 3 gain at 272p and GEC jumped 6% to 241p and BICC rose 9 to 171p.

Food stocks traded quietly as dealers awaited news of what had gone wrong with the William Low/Budgens deal. Trading in both stocks had been suspended as soon as the market opened and dealers were left on tenterhooks until late afternoon when it was announced that William Low's offer for Budgens was being withdrawn because of "differences in expectations about financing."

Most analysts expect William Low shares to open firm next week, while the prospects for the Budgens share price look bleak, they said. "On trading grounds it's not worth much more than £1," warned one. However, another said the possibility of a new offer for Budgens could not be ruled out, given that Budgens were suspended as soon as the market opened and dealers were left on tenterhooks until late afternoon when it was announced that William Low's offer for Budgens was being withdrawn because of "differences in expectations about financing."

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Tesco were a feature, rising 5 to 171p on turnover of 2.6m shares. Broker Hoare Govett has been a fan of Tesco of late. "We believe both sales and profits are above budget," said Mr Bill Currie of Hoare. Once again there was good turnover in Asda; 9.6m were traded as the shares closed up 3% at 175.4p.

British Aerospace were again the favourite for many investors and finished the week on a rising note. Currency considerations, added to the chairman's optimism at Wednesday's annual meeting, took the shares a further 10 higher for a five-day gain of 36 to 633p.

Some recent casualties among leading industrial stocks retrieved ground with BAA rebounding 11 to 335p on news that no decisions have been taken about a formal OPR investigation or a Monopolies Commission referral. Others included English China Clays, 7 up at 49p, Pilkington, which pulled back 8 to 239p, and Trafalgar House, 6 higher at 388p, following a Nomura research recommendation.

Control of Chamberlain Phipps would seem to have passed to Evode which yesterday claimed acceptances of its £1.50 offer of 53.1 per cent. Rival bidder Bowater holds 28.4

FINANCIAL TIMES STOCK INDICES

	May 12	May 11	May 10	May 9	May 8	Year Ago	1988	Since Compil.
Government Secs	86.76	86.54	86.58	86.32	86.35	90.16	89.29	86.84
							(8/2)	(9/1/85)
Fixed Interest	97.05	97.32	97.38	97.54	97.27	98.10	99.29	95.93
							(15/3)	(4/1)
Ordinary	1779.1	1758.7	1763.4	1767.8	1762.7	1428.6	1779.1	1447.8
							(12/5)	(3/1)
Gold Mines	176.3	174.3	173.3	174.4	174.7	195.4	196.1	154.7
							(29/3)	(17/2)

S.E. ACTIVITY

Indices	May 11	May 10
Gilt Edged Bargains	76.3	20.8
Equity Bargains	175.1	186.8
Equity Value	2386.6	2583.3
5 Day Average		
Gilt Edged Bargains	85.8	86.8
Equity Bargains	202.1	207.1
Equity Value	2430.0	2522.2

■ London Report and latest Share Index. Tel. 0898 123001

which has been behind the steep rise in Racal Electronics, hardened 2 to 458p in moderate trade. Cable & Wireless, where some analysts were talking of US-style Racal valuations, a forthcoming ADR facility, Mercury flotation, further sales of Hongkong Telecom shares, etc, surged ahead to close 13 stronger at 530p with turnover reaching 5.9m shares.

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Property disposal news - several units of the Spring-lakes development have been sold for £6.5m - triggered buying of Turnbull Scott which ended 12 up at 230p.

Bardsey shares replied strongly to the disposal of Rabone Chesterman with a gain of 9 to 76p.

Among former Properties MEPC advanced 10 to 535p. There was a company visit to James Capel on Thursday, which the broker followed by upgrading its forecast of net asset value for year-end September 1989 by 35p to 855p. "Continued strong rental growth from the central London property market" was behind the upgrading, said Mr Andrew Causer of James Capel.

■ Other market statistics, including FT-Actuaries Share-Index, Page 11.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAC system yesterday until 5pm.

Stock	Value	Dealing Day's	Price	Dealing Day's	Price	Stock	Value	Dealing Day's	Price	Dealing Day's	Price	Stock	Value	Dealing Day's	Price	Dealing Day's	Price
AAZ Group	2,000	19/5	145	19/5	145	Cameras	1,000	26/4	125	26/4	125	Capitol	1,200	25/4			

AUTHORISED UNIT TRUSTS

Left	Center	Mid	Offer + 2%	Yield
Charge	Price	Price	Price	Price

GUIDE TO UNIT TRUST PRICING

Initial Charge		GUIDE TO UNIT TRUST PRICING	
These represent the marketing, administrative and other costs which have to be paid by new shareholders. These charges are included in the price when the customer buys units.			
Offer Price		Offer Price	
The price at which units may be bought.		The price at which units may be sold.	
Offer Price		Offer Price	
The maximum spread between the offer and bid price is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often higher than the minimum permissible price which is called the cancellation price in the table. However, the bid price might be moved to the cancellation price if circumstances in which there is a large excess of sellers of units ever changes.			
Historic Pricing			
The date shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: \circ - 0001 to 1200 hours; \circ - 1101 to 1400 hours; \circ - 1401 to 1700 hours; \circ - 1701 to midnight.			
Historic Pricing			
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing.			
Forward Pricing			
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the manager's table show the prices at which deals were carried out yesterday.			
Other explanatory notes contained in the column of the FT Unit Trust Information page.			

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AMERICANS—Contd

Low	High	Stock	Price	No.	Net	Gross	Cv	Ytd
241	241	Dana Corp. Sl.	231	4	51,860	3.9	3.9	1989
321	321	Danaher Corp.	117	4	51,860	3.9	3.9	1989
323	323	Dan & Bradstreet Sl.	31	5	52,020	3.8	3.8	1989
351	351	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
352	352	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
353	353	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
354	354	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
355	355	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
356	356	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
357	357	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
358	358	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
359	359	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
360	360	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
361	361	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
362	362	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
363	363	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
364	364	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
365	365	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
366	366	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
367	367	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
368	368	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
369	369	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
370	370	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
371	371	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
372	372	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
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382	382	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
383	383	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
384	384	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
385	385	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
386	386	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
387	387	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
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414	414	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
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419	419	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
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425	425	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
426	426	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
427	427	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
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435	435	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
436	436	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
437	437	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
438	438	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
439	439	Dan Corp. Sl.	34	5	52,020	3.8	3.8	1989
440	440	Dan Corp. Sl.	34	5	52,020	3.8</		

INSURANCES - Contd

PAPER, PRINTING,
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COMMERCIAL VEHICLES

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FINANCIAL TIMES

Weekend May 13/May 14 1989



Japanese struggle to find new PM

By Stefan Wagstyl in Tokyo

JAPAN was plunged into fresh political turmoil yesterday following the failure of efforts to appoint a prime minister to succeed Mr Noboru Takeshita, who is to resign over the Recruit scandal.

Mr Masayoshi Ito, the 75-year-old elder statesman favoured for the post, yesterday formally refused to accept the job. His decision left leaders of the ruling Liberal Democratic Party attempting to find an alternative candidate, while still desperately hoping that Mr Ito might reconsider.

Mr Keiwa Okuda, an LDP member of the Diet (parliament), said: "The party is facing its biggest crisis since it was formed."

Mr Ito was first approached when Mr Takeshita announced nearly three weeks ago that he would resign soon. From the beginning Mr Ito said he would only take the job reluctantly, citing ill-health, but it emerged that he tried to extract tough terms from Mr Takeshita and other party leaders.

Mr Ito said that if he was to take office at all it would be as a prime minister with real power, not as a puppet. Moreover, he was adamant that political reforms carried out after the Recruit affair should be real and not cosmetic.

He insisted, too, that the scandal itself should not be swept aside. He wanted Mr Yasuhiro Nakasone, the former Prime Minister, to give evidence about his involvement in the affair, which concerns events which mostly took place when Mr Nakasone was in office. According to one report, Mr Ito also wanted all politicians involved with Recruit to resign from the Diet.

Mr Ito is now considering resigning from the Diet. Mr Shintaro Abe, the LDP secretary general, is also understood to be considering leaving office.

Party members have put forward the names of other elder statesmen as possible successors. They include Mr Masaharu Gotoda, Mr Nakasone's 75-year-old chief cabinet secretary, Mr Takeo Fukuda, an 84-year-old former Prime Minister, and Mr Toshio Komoto, a 78-year-old faction head hit by the collapse of Sanko Steamship, his family company.

Another name being put forward is that of Mr Shin Kanemaru, the deputy prime minister and Mr Takeshita's father-in-law.

Coats Viyella in £395m agreed bid for Tootal

By Alice Rawsthorn

COATS VIYELLA, the biggest textile group in Europe, has ended days of negotiations by announcing a £395m agreed bid for Tootal, one of the largest British textile groups.

If the bid succeeds Coats will become the biggest force in the world market for sewing thread, where it has vied for leadership with Tootal for decades. Together, they would employ about 85,000 people with sales of £2.3bn.

Tootal had agreed to recommend the offer — valuing its shares at 133.4p — at a board meeting that ended just before midnight on Thursday.

Tootal has been clouded by

takeover speculation for several months since it emerged that Mr Abraham Goldberg, the Australian industrialist who bid unsuccessfully for it in 1985, was amassing a stake.

Tootal's shares fell by 4½p to 127½p yesterday, reflecting the City's concern about the possibility of a monopoly investigation into the companies' thread interests in the US or Europe. Coats' shares were unchanged at 154p.

Sir David Alliance, chairman and chief executive of Coats, dismissed concern about such an investigation, saying Coats had been advised there would be no anti-trust problems.

The two companies first discussed the possibility of joining forces a year ago and discussions intensified after the re-appearance of Mr Goldberg.

Sir David Alliance, chairman and chief executive of Coats, advised to join with Coats to secure expansion capital.

Coats is the product of the takeover of Coats Patons, one of the oldest Scottish textile groups, by Vantona Viyella, which

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Weekend FT

SECTION II

Weekend May 13/May 14, 1989

So you'd like to own a French vineyard...

"IT'S WONDERFUL. You buy a 25-hectare château for £600,000 - the price of a house in Hampshire. You can live off it easily and you have a fabulous time." This is the verdict of Alan Johnson Hill, an ex-Hong Kong businessman who ten years ago bought Château Méaume, a property 15 miles north of St Emilion in the department of Gironde.

What has he got? The cost of the château is as far as it goes, though the full story is a bit more complicated and expensive. Alan paid £600,000 for Château Méaume in 1978, and for that he got a seven-bedroom house, numerous smaller buildings, 25 hectares of vines and 80 ha of fields and woods. The wine he produces has the relatively modest appellation of 'Bordeaux Superieur', which means that it has a little more alcohol and taste, than 'ordinary' Bordeaux because the land yields riper grapes than the average.

Properties of Château Méaume's class have not risen greatly in price in the last ten years. One could probably buy much the same château today for £600,000, but one would not get the fields and woods. However, if one wanted to improve the quality of the wine, Alan has done, so that it could be marketed under the château's own name and not just sold to the local cooperative, one might have to spend £500,000 to £1m on improvements. And you would have to bear two years' overheads - say £200,000 - before you saw any revenues.

What is absolutely true in Alan's remarks is the "fabulous time" bit. The reason he and his wife bought Méaume was that they liked the challenge of starting a totally new life. Alan knew nothing about wine and had no thought of improving the château's product. On his first morning at the château, when the estate workers lined up on the doorstep at 7.30 to ask for instructions, he told them simply to do what they normally did.

Yet very soon he became absorbed in the business of making ever better wine. A year after his first harvest, the disappointing 1980 vintage, he was so aware of the improvements he could have made, if he had had the knowledge, that he sold the entire year's production in bulk, which is what his predecessor used to do.

As soon as he moved into Méaume, Alan began clearing old ditches and digging new where he was replanting - urged on by his neighbour's comment: "La vigne n'est pas une plante aquatique. Monsieur." The advantage of good drainage is that it makes the surface soil warmer, which suits the vines, and forces the vine roots to search for water at deeper levels, down to 20 ft, where they should pick up more interesting minerals. It is partly variations in the soil and its mineral

als that give wines their individual tastes.

He pulled up some patches of white grapes, which had been producing a poor white wine, and replanted with black Merlot, the famous grape of St Emilion and Pomerol. Merlot gives a soft, red fruit taste - mulberries is the conventional description - and it produces a wine which matures early, which filled the market niche Alan had identified. Now, Méaume is planted 75 per cent with Merlot, 12½ per cent with Cabernet Franc and 12½ per cent with Cabernet Sauvignon, the main grape of the

off half the bunches. In this case he not only has the roots channelling their minerals into fewer grapes, he also has the leaves associated with, say, six original bunches transmitting the sugar they make from photosynthesis to just three bunches.

The cutting off of bunches, known as *taille vert*, green pruning, is done by the Moët family on its most illustrious properties, Petrus and Trotanay in Pomerol, but in most years it is not worthwhile for a château of Méaume's status. The average French farming family owning a château would be psychologically incapable of destroying part of its crop in this way.

What Alan Johnson Hill does think is worthwhile is removing dead and fully-grown leaves, which photosynthesise less well than young leaves. He does this once at the beginning of September, a few weeks before the vintage. The task involves cutting off any shrivelled leaves that are shading the bunches on the side of the rising sun. This lets the grapes receive more warmth, which gives them a stronger colour and therefore a better taste, and encourages the quick evaporation of the morning dew, which helps prevent the spread of botrytis, old age mould.

Vines are susceptible to an extraordinary number of mildews, rots and viruses. Most of them attack either the grapes, where they feed off the sugar which should later be turned into alcohol, or the leaves, where they hinder photosynthesis. Having only 2 or 3 per cent of grapes affected by mildew will also affect the taste of a wine. The effect is similar to that of dirty barrels: a dank, mouldy taste and smell. It is not always unpleasant - it gives a sense of rustic authenticity - but it certainly does not appeal to the upwardly mobile market.

In attacking diseases, growers can spray their vines repeatedly or do so just when they have the time. Likewise they can cut off the sucker shoots four times a year, or put a poignant spray on them. And they can plough between their vines or use a chemical de-weeder. Ploughing is more expensive but it is better for the wine because it cuts off the lateral vine roots which are not going to pick up the more interesting tastes. At Méaume it also allows manure from the cattle on the château's pastures to be put into the soil. The use of a manure which should have something of the Méaume flavour is a Johnson Hill specialty.

Unlike some new-vineyard owners, who are relying on mechanisation to cut their costs, Alan has not opted for wider spacing when he has replanted vines. In the better vineyards the rule is that one has the vines close together and prunes them so that each yields only four or five bunches, instead of 20 or 25. In this way the interesting substances coming from the roots are distributed among fewer grapes. The loss of quantity is partly compensated by the greater number of vines.

The really brave and rich grower will increase the concentration of taste in his grapes by going through his vineyard in August and cutting

It is possible to buy picking machines which beat the vines and

then gather the grapes. They do the job for half the cost of human labour and they are quick, so in a wet season the grower can harvest his crop on just the few dry days there may be, and work until after dark. The result, which is extremely important, is that he avoids having his grapes go into the vats covered with rainwater, which will greatly dilute his wine.

Yet at all the major châteaux and at the more serious smaller ones, the owners still use manual labour.

They tolerate the human problems - the knife fights of itinerant Spaniards and Swedish students throwing grapes at each other and making love behind the vines, as Anthony Barton noticed at Leoville Barton - partly because they believe the machines must damage the vines. They know that machines break the grapes, which leads to them being slightly oxidised before they go into the vats, and it is evident that they cannot be as selective as a human labour force. People, despite their occasional bursts of violence and lust, can distinguish between a bunch of strong coloured, firm, ripe grapes and a bunch which is half mouldy or hardly formed, having been stricken in the summer by millerandage.

At Château Méaume, as soon as his grapes have been gathered and brought into the *chai* (known in America as a winery), Alan forgets tradition and "this technology" as hard as he can. The biggest single investment he has made has been to take out the old concrete vats and put in 23 stainless steel ones, costing £175,000.

For the price of a house in the Home Counties they bought a château in France and embarked on a new life.

Michael Field tells the story



An Englishman's home . . . is a French château, as Johnson Hill and his wife have discovered

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The important point in regulating temperature is to do it gently. At the bottom end of the business, in moments of desperation in hot

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MARKETS

LONDON

A burst of optimism, but caution prevails

IS THE outlook for the UK economy suddenly looking rosier? Judging by yesterday's late rally in London share prices, which took equities to a fresh post-crash peak in the wake of some encouraging statistics from the US — many investors seem to think so.

The reason for the surge in prices was the news that the April producer prices index in the US had climbed by 0.4 per cent instead of the 0.7 per cent expected. Here, investors concluded, was evidence that inflationary pressures had moderated.

Hence a 40-point rise in Wall Street, a jump in bond prices, and a spillover of optimism to the London markets where the FT-SE Index ended the day 25.1 points higher at 2135.7 as investors basked in the warm feeling that interest rates might not have to go up again after all.

And yet, the more cautious observers were not infected by this outburst of optimism, pointing to the other main development on the international front this week: the West German Bundesbank is notoriously worried about inflationary pressures, as witnessed by last month's surprise hike in interest rates.

This week, the Central bank intervened to keep the dollar down, but to no avail. Next

Thursday, the bank's council members meet; they may choose to put interest rates up again.

This would be the ideal excuse for Chancellor Nigel Lawson to follow suit with a pre-emptive hike in base rates by 14 per cent.

Despite President Bush's display of resolve over the Panama election, there were no signs that he had tackled the US trade deficit as well — nor any evidence to suggest a hike in US interest rates.

And yet the dollar continued to climb, with negative implications for the UK and other economies should it stay at present levels. A hike in the dollar automatically increases the cost of imports to the US's trading partners who find themselves importing not just products but inflation to boot.

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With earnings growth up to 9 per cent or above and sterling under pressure, the battle with inflation is far from won, and a rise in rates might earn him plaudits for his determination to tackle the problem. It would not please equities at all, however.

Continuing labour militancy — of which there was plenty of evidence this week — contributes to the inflationary pressure. But should the dockers, electricity workers and train drivers all go on strike at once — which doesn't seem impossible — Lawson will be delivered with another, politically acceptable excuse to put up interest rates.

Ian Harwood and his team at Warburgs are sticking to their 14 per cent prognosis, despite the outbreak of optimism in the equity market yesterday.

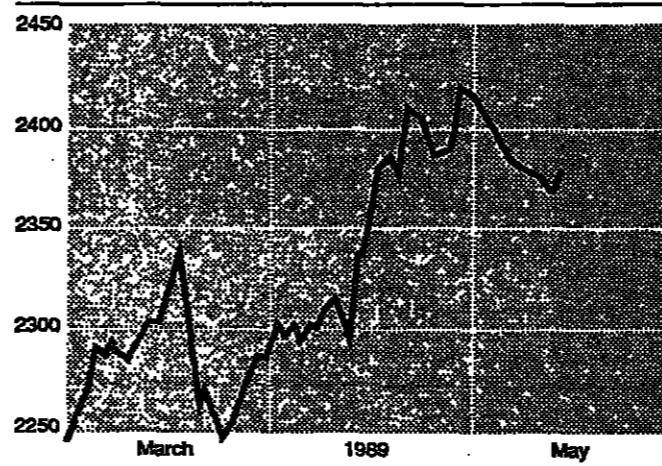
HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2135.7	+2.9	2135.7	1782.8	Favourable US retail sales.
Allied Insurance	131xd	+57½	136	74	Piers-Gelliers/Cayzer join board.
Anglia Secure Homes	344	-48	460	344	Shares in homes market slowdown.
Bosse Massini Polini	343	+22	346	192	Increased bid from EDDP.
Brit Aerospace	633	+36	636	420	Chairman's optimism at AGM.
Cambridge Electronic	216	-26	265	215	Cautious statement.
Chesterfield Props.	956	+105	965	790	Better-than-expected profits & NAV.
English China Clay	499	-48	541	451	Doubts over growth prospects.
Evens Halshaw	299	-30	340	278	Warning on profits.
Frost Group	316xd	+36	316	223	Takeover speculation.
Grand Met.	555	-27½	555	425	£750m Pillbury provision worries.
Hoskyns	455	+45	458	400	Piessey reduces stake via placing.
Kingfisher	327	+30	331	234	Acquisition of Magnet fears recede.
McCarthy & Stone	236	-102	407	231	Profits warning.
Unilever	552	+27	555	191	Swiss buying sparks bid rumours.

WALL STREET

Is there life in the old bull?

Dow Jones Industrial Averages



IT IS NOT often that the stock market falls for eight days in a row and then goes up like a rocket. It has just happened, with the Dow Jones industrial average falling steadily every day from April 28 to May 9, then bursting out upwards by more than 40 points early yesterday morning.

The Dow also fell every day between August 3 and August 12 of 1982. And that eight-day fall, as every junior stockbroker knows, marked the beginning of the greatest bull market in stocks in Wall Street's history. The Dow fell from 822.11 on the morning of August 3 to 776.82 by the afternoon of August 12. By the end of the month, the Dow had run up to over 900. Exactly five years on, the Dow briefly saw the far side of 2,700.

Even as the Dow was rising yesterday, the question being asked was has the consolidation of the stock market in the past month set the stage for another rise in equity values? Or put another way: is there still life in the bull market?

The stock market ran out of steam in late April for some good reasons. It is so late in the business cycle that even the bulls have to reckon with rising inflation and interest rates and the real danger that they will send the economy into a stall. For most of this year, the bull case has been built on the notion of an economic soft landing: that inflation and interest rates will rise and slow the economy and corporate profits, but not drastically. And the recession, when it comes, will be shallow.

The soft landing theory has always required a certain faith in both profits and inflation. In the past 10 days, the market has had bad news on profits and good news on inflation. Such as steel.

If Bethlehem can pass additional costs through to steel

users, its profits will survive. But this will be at the price of an uptick in inflation which will be just one more reason for the Federal Reserve to raise interest rates. If it cannot, it will suffer reduced profit margins — bad news for one of the great money-making stocks of the past two years. Bethlehem, which has traded as high as \$212, this year, is now down at \$182. As David Hale, an economist at Kemper Financial Services in Chicago puts it: "Either profit margins are squeezed or inflation will rise. Wall Street has to recognise the trade-off."

The other piece of bad news

came from Eastman Kodak. The company irritated and baffled Wall Street 10 days ago when it reported a 23 per cent drop in net income in the first quarter because of declining profitability in the company's main business photography. The stock fell sharply and it fell again on Thursday, when the company told stockbrokers that they will have to live with lower profit margins in the photography business.

The good news came on Friday morning. A report that the producer price index in April rose by only 0.4 per cent suggested to the bond market that inflation is probably steady at about 5 per cent a year. Everybody in the bond market decided that interest rates had reached their peak and were going no higher for the moment. The Treasury long bond rose by no less than two percentage points and long-term yields fell to their lowest level since early February. This euphoria naturally spilled over into stocks.

The trouble is that with the Dow at or near a post-Crash record, the stock market is already discounting both profit growth and no increase in the cost of money. According to Abby Cohen, a senior investment strategist at Drexel Burnham Lambert, the ratio of stock prices to company profits is 11.5, which is not particularly high as long as there is 15 per cent profit growth and no rise in interest rates. It also seems to expect pretty much more of the same in 1990. It is this forecast without much room for error, let alone a recession.

Monday 2376.47 - 5.49

Tuesday 2377.44 - 5.14

Wednesday 2374.45 + 3.12

Thursday 2383.53 + 3.43

James Buchan

BAA parking charges worry

Disclosure that the Office of Fair Trading (OFT) is looking into complaints about airport parking charges was bad news for BAA last week, and not just because of the immediate drop in the shares. It challenges the glamour status which both BAA and some City analysts have been trying hard to accord to the operator of most of Britain's airports. About half of group earnings come from non-regulated, or discretionary, operations, of which airport parking is one obvious example, and growth prospects here are potentially much greater than on the conventional airport side, where pricing is usually under official regulation. BAA has described talk of possible referral to the UK Monopolies and Mergers Commission as speculative. But the shares will find it hard to recover last week's fall until the smoke clears.

Terry Byland.

Bank shares bring out the bulls

Bank shares put on a sparkling performance this week, shrugging off the gloom that has pervaded the sector since the profits warning issued by Sir Nicholas Goodison at the TSB annual meeting over a month ago. Brokers are becoming increasingly bullish of the sector — this week Kleinwort Benson issued a note labelled "Time to buy" hard on the heels of an equally positive circular from Citicorp Scrimgeour Vickers. In its May review UBS Phillips & Drew say that the banks' balance sheets are in good shape, with exposure to lower developing country debts declining and the adverse impact of interest bearing accounts less than feared. Meanwhile perennial worries about possible rights issues have receded with Barclays announcing it is raising \$200m via the US preference share market, the first non-US bank to do so. Stephen Thompson.

Girobank's bid for custom

Girobank is offering to pay eight days interest for every seven days money saved in a bid to win new customers for its Blue Chip high interest savings accounts. The offer is open until July 14 and the extra interest is paid for the three months from when the account is opened. John Edwards

Visa and Halifax in card link

VISA CARD holders from this week will be able to draw up to £300 a day in cash from the 1,200 cash machines of the Halifax Building Society. This is the first time that a building society cash machine network has been linked to the international Visa network. David Barchard.

Not the right time to stampede into the retail sector

INSTITUTIONAL investors are well-known for their herd-like mentality. Out of fear that an original investment approach could lead to the dreaded underperformance, a fund manager would rather sell when everyone else is selling and buy when everyone else is buying — or, more usually these days, be inert when everyone else is being inert.

For the nimble, small investor, the trick is to anticipate the collective mood-changes which happen so frequently in the City, to buy just before the institutional stampede begins.

The way to do this is perhaps to spot a sector which has dramatically underperformed the market as a whole for far too long, then jump aboard in a bold contrarian fashion and wait for the herd to follow suit.

By these criteria, what better opportunity than the bombed-out retail sector. Buried on every side, by the Chancellor putting up interest rates on the one hand and by landlords putting up the rent on the other, shares across the stores sector have made the most appalling

investment over the last year, plunging by no less than 16 per cent against the market as a whole. Perhaps it is time to reflect, perhaps not.

A spate of results this week confirm the dreadful state of affairs outlined earlier in the year by MFI, the furniture company, which recently complained of difficult market conditions.

Magnet, the kitchen company, is desperately trying to free itself from the shackles of the stock market. The profit forecast made to support the buy-out proposals showed a marked slow down in the six months to March.

Shares in Sears, the retailing giant, fell by 5 per cent on Monday after the group reported 1988-89 profits up from £245.7m to £272.8m — and warned of a difficult year ahead.

Analysts could not help noticing that the 11 per cent increase really concealed a fall in profits from the main businesses of shoe and fashion and home shopping: most of the increase came from incidental

activities like housebuilding. And then there was Lovemore Queensway, the former Harris Quatermain furniture and carpet business busily being reorganised by James Gulliver and

friends, who took control via a leveraged bid last summer. The £9.1m profit — the first reported since the consortium came aboard — was in line with expectations.

What was disappointing was the by now all too familiar lament — that sales had begun to fall in recent months. It is not really surprising that the shares now stand below half the 100p a year ago — and even then, they stand on a huge, vulnerable p/e of 15.

Marks and Spencer — reporting its 1988-89 profits this week — provided the only bright spot in an otherwise unmitigatingly bleak picture.

However, even here there were blunders, although sales of furniture and homewares were far better than expected, and profits and margins to boot, the £329.8m pre-tax profits total was only 5 per cent above the 1987 figure. But for losses in Canada, a downturn in continental Europe and the interest bill arising on last year's acquisition of Brook's Brothers in the US, pre-tax profits would have been no less than £35m higher.

It is a tribute to Marks and Spencer's revered retailing skills that the company managed to do so well in the UK. The problem for investors is that the rating accorded to Marks and Spencer assumes and demands more such retailing wizardry over the coming difficult months — assuming profits of £375m this year, the shares stand on a 25 per cent premium to the sector. Hardly a buying opportunity.

As for the sector as a whole, its profits will survive. But this will be at the price of an uptick in inflation which will be just one more reason for the Federal Reserve to raise interest rates. If it cannot, it will suffer reduced profit margins — bad news for one of the great money-making stocks of the past two years. Bethlehem, which has traded as high as \$212, this year, is now down at \$182. As David Hale, an economist at Kemper Financial Services in Chicago puts it: "Either profit margins are squeezed or inflation will rise. Wall Street has to recognise the trade-off."

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Thursday 2383.53 + 3.43

James Buchan

IT IS NOT often that the stock market falls for eight days in a row and then goes up like a rocket. It has just happened, with the Dow Jones industrial average falling steadily every day from April 28 to May 9, then bursting out upwards by more than 40 points early yesterday morning.

The Dow also fell every day between August 3 and August 12 of 1982. And that eight-day fall, as every junior stockbroker knows, marked the beginning of the greatest bull market in stocks in Wall Street's history. The Dow fell from 822.11 on the morning of August 3 to 776.82 by the afternoon of August 12. By the end of the month, the Dow had run up to over 900. Exactly five years on, the Dow briefly saw the far side of 2,700.

Even as the Dow was rising yesterday, the question being asked was has the consolidation of the stock market in the past month set the stage for another rise in equity values? Or put another way: is there still life in the bull market?

The stock market ran out of steam in late April for some good reasons. It is so late in the business cycle that even the bulls have to reckon with rising inflation and interest rates and the real danger that they will send the economy into a stall. For most of this year, the bull case has been built on the notion of an economic soft landing: that inflation and interest rates will rise and slow the economy and corporate profits, but not drastically. And the recession, when it comes, will be shallow.

Everybody in the bond market decided that interest rates had reached their peak and were going no higher for the moment. The Treasury long bond rose by no less than two percentage points and long-term yields fell to their lowest level since early February. This euphoria naturally spilled over into stocks.

The trouble is that with the Dow at or near a post-Crash record, the stock market is already discounting both profit growth and no increase in the cost of money. According to Abby Cohen, a senior investment strategist at Drexel Burnham Lambert, the ratio of stock prices to company profits is 11.5, which is not particularly high as long as there is 15 per cent profit growth and no rise in interest rates. It also seems to expect pretty much more of the same in 1990. It

FINANCE & THE FAMILY

John Edwards looks at the changes afoot at NM Schroeder A matter of reorganisation

OLDERS of NM Schroeder unit trusts need not be worried by the news that the group is sacking 180 staff and closing down two offices, according to Stuart Dyer, the managing director of the unit trust subsidiary company.

"We have absolutely no intention of withdrawing from the unit trust market; indeed we plan to promote them more actively," he declared.

Dyer says that no-one on the fund management side is affected by the redundancies, which mainly result from the decision to close the offices in London and Poole to concentrate activities in Portsmouth. However, two senior figures, Ian Sampson, former chairman and managing director of the unit trust company, and John Carr, the marketing director, are among those leaving.

There are no plans to change the existing range of 17 authorised UK unit trusts, which

Holder feels is sufficient to cover the main and specialist market sectors. The group is also hoping to continue building up its subsidiary company that handles the administration of funds for other parts of the group and for outsiders, such as Marks & Spencer.

However, the name of the unit trusts is due to be changed shortly. When National Mutual Life, one of the two biggest Australian insurance groups, bought the unit trust arm of Schroders nearly three years ago, it was agreed that the Schroder name could continue to be used for the unit trusts for three years. That time is up at the end of December, but Schroders has announced that it is re-entering the unit trust market in October. So the change in name will be introduced as soon as possible.

Schroders is continuing to act as investment manager for



Ian Sampson: one of two top figures leaving Schroders

some of the specialist NM trusts, but during the past three years there has been a progressive handover of the fund investment management

to National Mutual. It is early days yet to judge how performance has been affected by the transition; the annual summary of unit trust group performance in the February issue of Money Management showed little change during 1988 compared with the past three years.

Measured by the value of funds under management, NM Schroeder is now the 15th-largest unit trust group, having once been sixth-largest. Funds were down to £781.8m at the end of last year compared with a peak of £1,179.2m in 1986.

However, the sharp drop is explained by the fact that the SIM funds (with assets under management of £666.7m currently), previously included in the Schroder Unit Trust group before the takeover, were removed by Schroders under the deal. Put the two together and they would be the eighth largest group.

AT THE TIME it only seemed a minor measure, slipped into Nigel Lawson's March Budget. In future tax relief would only be available on pension fund contributions in relation to salaries up to £60,000 a year. The "cap" applies to people joining schemes after the end of May.

The response by the pensions industry has been slow to build, but is now becoming intense as the experts work out the full potential implications. According to Charles Woodward, who has just stepped down as chairman of the National Association of Pension Funds: "Our people are not just angry, they are passionate."

Why the fuss over a measure that affects only a tiny proportion of the working population?

The pensions men fear that it is only the thin end of a wedge that will progressively undercut the role of the occupational pension funds which today control assets of about £250m and cover some 11m members. Woodward has written to Nigel Lawson to warn him of the NAPF's deep concern, and of the association's belief "that this proposal will undermine the future viability of occupational pension schemes."

The first consequence is that job mobility could be affected. Top managers earning anywhere near £60,000 will be reluctant to leave a pension scheme where their benefits are unrestricted and join another one where they will be subject to the cap. The Confederation of British Industry was protesting earlier this week about the "serious and adverse" effect this could have on mobility.

But there are potentially

more serious problems for the longer term. "Over time everybody will be affected by the cap," says Stephen Gooch, a leading consulting actuary with Clay and Partners. "In pensions you have to care about what will happen in 40 or 50 years' time."

What the actuaries are concerned about is the fact that although the £60,000 limit is to be indexed, it will be linked to the retail prices index, not the

right wing proponents of popular capitalism.

Some three years ago the Treasury and the Inland Revenue mounted a large-scale probe into pension tax privileges, but were beaten off by a heavy lobbying exercise organised by the pensions industry. At the time Mr Lawson promised that any fundamental changes would be fully aired in a future Green Paper, or consultative document. But the pensions men now say that the imposition of a cap is indeed a fundamental change which has been imposed without any warning. They suspect a plot to pull a fast one.

The danger, they say, is that the occupational pensions could be destabilised. Schemes need to operate within a stable long-term framework. Now, at the very least, companies are faced with a new layer of complexity and additional administration. They can get around the cap by offering top-up pensions, but these will probably be unfunded, and therefore will carry a lower level of security than funded pensions which are backed by assets held in trust.

Many individuals will be unsure of the benefits they can eventually hope to get from company schemes. So it could be that more and more employees will decide to opt out and take up personal plans which in some respects allow them to plan their future with greater certainty. At the same time, companies could increasingly conclude that their schemes are becoming more complex and costly to operate, and do not give an adequate coverage.

Are the pensions men over-reacting? Perhaps, but it is a symptom of the vulnerability which they now feel.

Peter Stirrup, who has just taken over as the chairman of the NAPF, fully echoes Charles Woodward's concern. "We are most alarmed at the implications of the Finance Bill for occupational pensions provision," he says. "The proposals will lead to a gradual but steady undermining of the whole infrastructure of occupational pension schemes."



Battle over income plans

THE PROVISION of a regular income is beginning to be seen by the unit trust industry as an essential tool in the scramble to capture business from the building societies.

Although it is difficult, or indeed virtually impossible, for unit trusts to match the interest paid on building society deposits, sufficiently high yields can be obtained to be competitive while offering capital growth, which over the years provides a rising return.

Regular income plans, currently offered by 19 groups, have been in existence for some years now, using a mix of funds to provide a monthly income.

However, a few groups have proved that a monthly income

yields that compete with a building society account, though at current interest rates, high interest accounts with the building societies still offer a better deal.

An investment which is largely in gilts and other fixed interest offers considerable security but as Fidelity's performance shows, fluctuations in capital value can lead to steady gains. A total return of 11.6 per cent over three years is disappointing. The building society equivalent would have given 11 per cent.

A strong record of increasing dividends is not to be expected in a high-yielding trust investing largely in fixed interest. Both the NM and the Fidelity trusts have, accordingly,

payments are supplemented at times by using capital if necessary, though over the year the distributions are equal to total income received. There is no guarantee that income will be the same each month, but Corries tries to give even, or increasing, payments. In practice he has tended to be over-cautious, leaving an income surplus at the year-end which boosts the final payment. He may formalise this as an annual bonus and will be taking steps to increase the yield.

This makes sense, since someone looking for a monthly income presumably sees yield as the main priority, with capital growth a secondary consideration. However, the greater capital growth possibilities of the equity-based trusts make them more attractive than the higher-yielding fixed interest funds, which do not seem to offer a convincing alternative to the building society.

The other way to get a monthly income from unit trusts is through an income plan. Most of these offer three or four of the group's trusts, with dividend payments designed to give monthly or near-monthly payments.

Look carefully at how your capital is allocated. It may be split in equal-proportions over the different funds. But if one is a gilt trust and another a low-yielding equity trust, you will find the monthly payments vary a lot. Investments in the different trusts can be weighted to avoid this.

The second form of unit trust income plan is the withdrawal scheme. With these you can choose how much you want to receive, and the payments are made by redeeming the required number of units. The danger is that in falling markets you will run down your capital to nothing, so a modest payment target should be chosen. The advantages are that payments do not fluctuate

with the size of dividends and if you keep your annual withdrawals within the capital gains tax exempt limit (£5,000), you effectively receive a tax-free "income".

The Royal Life Selector offers a monthly withdrawal option on any of the group's range of trusts, though a charge per withdrawal is made where the initial investment is less than £5,000. MLA also operates a withdrawal scheme, and Prudential Holborn is expected to launch one for investments of £10,000 and over in its new Holborn Trust. The maximum recommended withdrawal will be 8 per cent.

What the actuaries are concerned about is the fact that although the £50,000 limit is to be indexed, it will be linked to the retail prices index, not the

index of average earnings. The second rises faster almost every year, and during the past quarter-century the gap has averaged 2.5 per cent a year - which in effect represents the rise in living standards.

Although 2.5 per cent might not seem much in the short term, over the years it adds up. In some 23 years the effect could be, if the same trend is maintained, to lower the level of the cap to that of the £30,000 earner today. Quite a large proportion of today's workforce could therefore be affected eventually.

Of course, a future Chancellor could raise the cap at any time. It could turn out to be a lot of fuss about very little. But nobody can be sure. It might go the other way too, with a Labour Chancellor taking the opportunity to freeze (or even reduce) the cap and strike a mortal blow to what has been for many years a high income

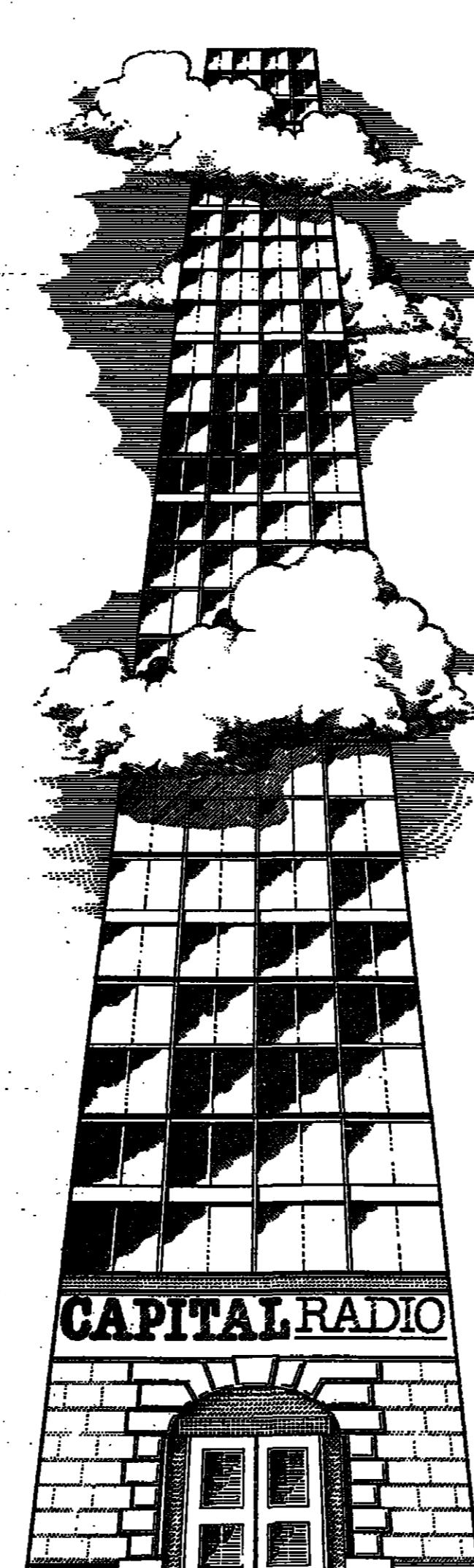
earner's cast-iron tax shelter.

Certainly, the occupational pensions movement feels politically vulnerable. The present Government is fundamentally hostile to collective investment structures, especially where they are of a paternalistic nature, like pension funds, and it would like to encourage personal responsibility instead.

Personal pension plans, of which over 2m have been signed in less than a year, are being heavily promoted by the Government. Officially they are designed for people who are not in occupational schemes, but it is reckoned that 10 per cent of eligible recruits are now failing to join company schemes, where they exist.

The NAPF senses a gap in attitude between the Department of Social Security, which has overall charge of pensions policy, and the Treasury, which is strongly influenced by

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It pays to get in at the ground level.

can be obtained through a single trust. The recently launched Commercial Union High Income Trust brings the number of such funds to five. The new trust gives a gross yield of 10 per cent by investing mainly in fixed interest securities, but has a proportion in shares "as a balance for capital appreciation."

Other monthly payers are TR Income Monthly (yield 5.34 per cent), NM Extra Income (6.44 per cent) and Framlington Monthly Income (4.46 per cent) and Fidelity Gilt and Fixed Interest Trust (9.73 per cent).

Fidelity and Commercial Union are the two funds aiming most directly at offering

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GARTMORE is linking up with the Leamington Spa building society to produce a scheme which enables you to choose the amount of income you receive each month from your investments - smoothing out the different sums normally paid by monthly unit trust income plans.

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Preference, High Income and International Fixed Interest.

All the income generated by the unit trusts is transferred to the High Flyer account and you can then choose to take out monthly payments or leave the additional income generated on deposit.

However, Gartmore works out the maximum amount that can be withdrawn monthly, based on the historic yields of the five elements of the plan. The calculation of the maximum withdrawal will be made on a conservative basis to try and avoid any erosion of the

John Edwards

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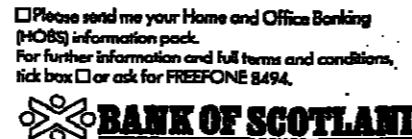
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FINANCE & THE FAMILY

The Week Ahead

Brewers descend on the City

THE BEERAGE descends on the City of London next week with its results, in halves and full measures, preceded by the takeover giant who found Courage with his Imperial Group acquisition in 1986—and sold it to Elders, a few months later.

Lord Hanson brings his group's interim figures to market on Monday. So far, he is prospering without brewing in his collection of basic industries. Analysts have already seen a first quarter rise from £156m to £155m in pre-tax profits, and Robert Morton and Dermot Coleman of Barclays de Zoete Wedd Research expect £24m (£356m) for the first half.

Exchange rate movements are expected to deliver a substantial boost to the underlying growth rate. The recovery of the dollar in the international money markets may be one reason why, over the past 12 months, Hanson's shares have outperformed the market by 25 per cent.

It sold Courage at the right time, too. The brewers, at that end of 1986, hit 12 months of relative stock market decline; and the subsequent recovery owes a lot to special features like the Guinness re-rating—the scandal-plagued Distillers bid produced an excellent acquisition and bid hopes for Scottish & Newcastle.

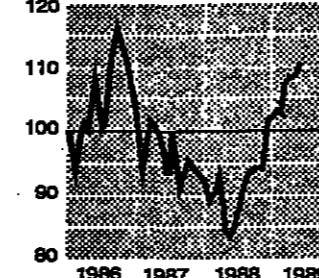
More recently, big brewers were hit by the Monopolies and Mergers Commission report, which seeks to limit the number of on-licensed premises owned by a brewer to 2,000. Ron Littleboy of the Nomura Research Institute foresees no action on the report for at least three years; even then, the MMC recommendations may not be enacted in full, if at all.

In the meantime, he is expecting Allied-Lyons, which incorporates Britain's second largest brewer in addition to its wines and spirits and food interests, to show all round growth, and pre-tax profits up 16 per cent to £207m next Tuesday; this is at the top end of a range which has £50m as the median, and more popular choice.

The MMC recommendations are seen as an opportunity, not a threat. Allied is being encouraged to sell its weakest area of operations, says Littleboy; and Britain's biggest brewer, Bass, with its strong national brands and advantages of scale, would increase

Hanson

Share price relative to the FT-A All-Share Index



Lord Hanson

its share of the beer market at an even faster rate.

On Wednesday, he expects Bass to lift its half year profits by "at least" 42 per cent to £280m. The scale of the increase owes much to a £55m exceptional profit on hotel sales, but stripping these out leaves an underlying gain of 27 per cent.

Whitbread (finals, Thursday) offers a range of political complications. These include its crossholdings with the Whitbread Investment Company and the latter's influential stakes in regional brewing companies; the latter were a financial hot potato in their time, but the MMC does not seem to have addressed them or the fact that Whitbread has one of the best beer wholesaling operations of all the majors in terms of efficiency, and return on capital.

Nomura says that the most likely scenario, if the MMC proposals are enacted, is the sale of the brewing interests to an international combination of Heineken, Stella Artois, Marstons and the existing Whitbread brewery management, with Whitbread itself retaining the wholesaling and retail operations. In the meantime it expects profits to rise by 19 per cent to £222m before tax.

The message here is that retailing is a *good* thing, and manufacturing something to be sneezed at, if not avoided like the plague.

It remains to be seen whether that message will be borne out by the Confederation of British Industry/Financial Times survey of distributive trades, to be published on Monday.

According to Peter Spencer of Shearson Lehman Hutton,

mission rates, laid down by

financial advisers ready to offer their services to those with high incomes or large sums of money to invest. But what about the more humble employee, who wants advice about financial problems, especially what to do about their pensions? Where do they go for independent advice without having to pay large fees?

One obvious answer is their employer, who runs the company pension scheme and provides the main source of their income. But under the Financial Services Act, employers are forbidden from giving anything but the most general advice and in any event face great difficulties in making any "best advice" recommendations.

Spotting this gap in the market, an ex-Allied Dunbar executive, Peter Walters, has formed a new company, called Ellastone plc, that aims to provide independent and impartial advice specifically to company employees.

The crux of the scheme is that by having a "warm introduction" to a large number of potential clients via the employer, Ellastone has to spend less time on selling its services and can, therefore, devote more resources to providing financial advice to all employees, not just to executives or the high earners.

Walters says: "We believe that without initiatives like ours, independent financial advice will become the prerogative of the relatively well-off. The volume of business we do, and the fact that our advisers do not have to waste time prospecting for business or administering it, means we can provide quality advice to an entire workforce and still be viable".

However, if employers are to back the scheme, it follows that the advice given must be soundly based, as impartial and independent as possible, and not just sell the products of one company.

So Ellastone has developed a computerised system that first of all identifies the financial priorities of individual employees, who supply the relevant data, and then offers "best advice" on the product needed. The "best advice" is based on a database of information that has been built up analysing products, especially those offered by life companies. It is currently running.

To strengthen its credibility Ellastone, which has been backed by two capital venture groups—Preston Investments and MAI—has been directly authorised by the Securities & Investments Board.

Several big companies have already been signed up, but it is early days yet for Ellastone, it seems to be a nationwide independent financial adviser taking advantage of the new situation created by the Financial Services Act.

The acid test will be whether Ellastone really can provide proper "best advice" through its new system and overcome the suspicion of employers in allowing financial salesmen privileged access to their workforce.

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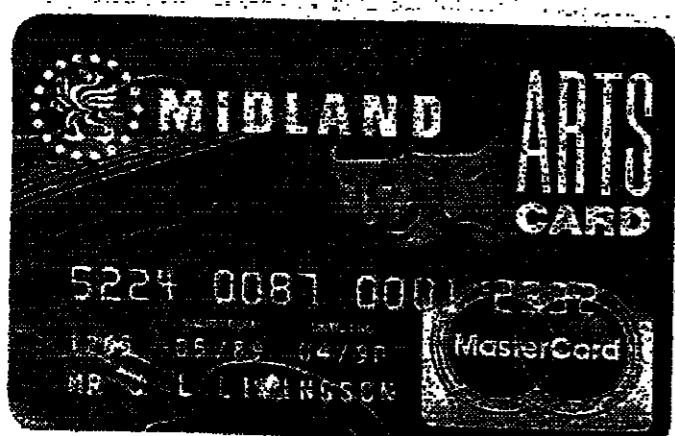
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FINANCE & THE FAMILY



David Barchard on a credit card that helps a cause of your choice

Flexible friend bows to the arts

CREDIT CARDS are viewed with such deep suspicion in many quarters that not everyone will expect that there is a new generation of cards claiming to do good for someone other than the card holder and the issuing bank.

However, for those who want to link their credit card spending to donations to a good cause, there is now a wide variety to choose from. This week Midland Bank unveiled one of the most imaginative cards of this kind yet, the Artcard.

Artcard is a MasterCard which offers its holders the chance to support one of nearly 50 arts organisations from the Royal Shakespeare Company to the Derby Playhouse.

Each time an organisation is selected by a new card holder, it receives a £5 and subsequently goes on to receive 25p for every £100 spent on the card – at no cost to the customer.

Earlier "affinity" cards include ones from the Bank of Scotland for the National Society for Prevention of Cruelty to Children (launched in November 1987); Co-op Bank for the Royal Society for the Protection of Birds and Help the Aged; TSB cards for Save the Children and the British Rowing Team; a Girobank Oxfam Card; and Leeds Permanent Building Society's card, which can be used to support Imperial Cancer Research, Mencap, or the British Heart Foundation.

Medical charities have strongly welcomed the affinity cards. In the first six months of the Leeds card earned £317,000 for Imperial Cancer Research; £135,000 for Mencap; and £160,000 for the British Heart Foundation.

The Royal Society for the Protection of Birds has received £210,000 so far from the Co-op Bank card. The charities are not the only ones which can arrange a credit card link-up: it will get at least £5,000 to £10,000 from doing so, depending on how aggressively the card is marketed.

Of course the card issuers do well too. Leeds now has about 150,000 cards in the field and it is doubtful whether it could have built up a base of this size for a conventional credit card.

The Leeds card has the additional attraction of offering customers a slightly lower rate of interest than those of the major credit cards.

The Artcard looks likely to be a particularly good proposition for Midland since patrons of theatres, orchestras and opera houses are usually just the sort of people whom banks are seeking as customers.

Links with theatres and concert halls tend to be lifelong and are closely associated with the lifestyles of upper-income groups. Loyalty to a particular medical charity may be less deep-rooted and spans a

LAST NIGHT *Cats* outpaced *Jesus Christ Superstar* as the longest-running musical seen on the London stage. It gave Andrew Lloyd Webber, who has earned a reputed £2m from royalties on the show, something to celebrate. But a quiet glass might well also have been raised by a vicar in Cambridge; a Blackpool dress shop owner; and a London builder. They are among the 210 "Angels" (investors) who put up the £450,000 needed in 1981 to back the show.

It was a highly speculative venture. Andrew Lloyd Webber had never had a success working without Tim Rice; T.S. Elliot, who provided the creative idea through his poems about the vagaries of cats, was hardly a commercial writer; and the theatre, the New London, had never produced a success. A first-night bomb scare allowed one wit to comment that the New London seemed about to get its first hit.

The money, in units of £750, was raised in a last-minute scramble, with producer Cameron Mackintosh putting together a half through his traditional Angels, as well as taking up some of the action him self, and Andrew Lloyd Webber's Really Useful Company raising the remainder. He was forced to remortgage his house to reassure theatre own-

ers that if *Cats* failed they would not be out of pocket.

Nevertheless two thirds of the units were taken up by small investors: some of the £750 shares were divided up into even smaller percentages. To motivate the theatre staff Lloyd Webber actually gave everyone a small cut – £5 to a box office assistant; £100 for the front of house manager. It was a tense time, but within 22 weeks the production costs had been recouped and Cameron Mackintosh could start sharing out the profits in the traditional fashion, with the producer keeping 40 per cent for his troubles.

Over the past seven years *Cats* has been paying back its investors a 200 per cent return a year on each £750 unit, a total of £10,500. This includes the rewards from Broadway, but the original Angels earn nothing from the success of *Cats* productions in Amsterdam, Vienna, Paris, Hamburg, Tokyo, and Moscow (among many more). They will also miss out if the long-discussed *Cats* film ever materialises.

But the gravy train shows no sign of halting. *Cats* has grossed £52m in London, a modest sum compared with the \$387.5m from the four American productions, or the £200m from Japan. Every week the New London hands over a



The cast of *Cats* at the New London Theatre

profit of £23,000 to £35,000 (depending on the success of the matinees) and there is no reason why it should not run for at least another five years.

The Angels have been given first refusal on another *Cats* gamble. The stakes are higher – the minimum unit is £2,000

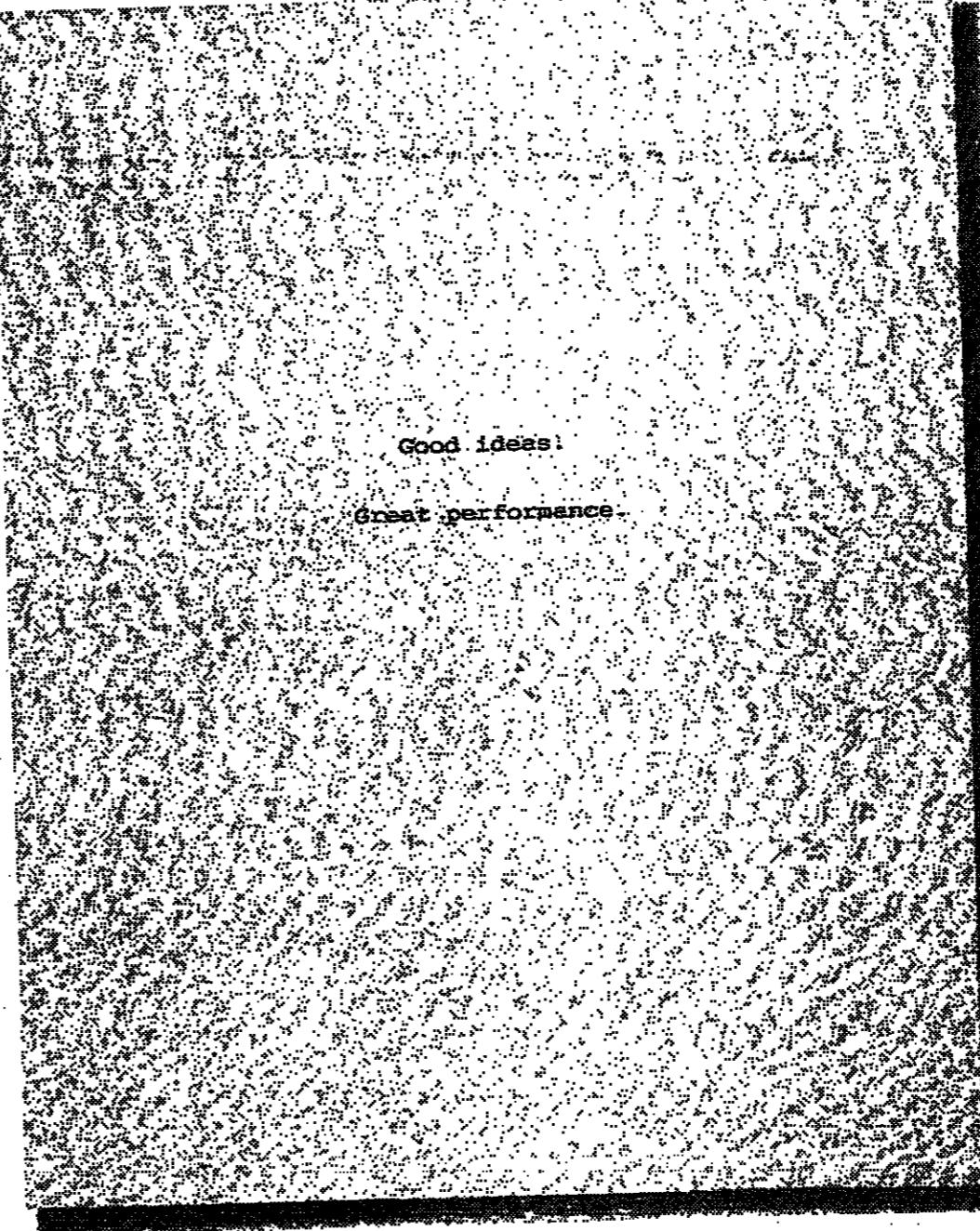
London running for 18 months, but lost money for Cameron Mackintosh's band of Angels. Even the stunningly successful *Les Misérables* is only paying back 150 per cent a year while the hugely expensive *Phantom of the Opera* has managed to return 50 per cent a year.

The cost of mounting a West End musical has escalated so rapidly that the opportunities for small investors have all but disappeared. Producers now look to the big money men to provide the cash. For example, Mackintosh's latest project, the £3m musical *Mrs. Slaughter*, which opens at Drury Lane in September, is underpinned by six investors each staking more than £100,000. It is much simpler to organise that way.

Probably this is all to the good. It is too easy for small investors to be inveigled by unscrupulous producers to throw money at a certain flop for the reward of fleeting glamour. – Angels usually even have to pay for their first-night tickets.

Only if you stay with a producer with a successful track record, like Mackintosh, or Michael Codron, through thick and thin, investing in all their shows over many years, is there the possibility of a financial return. So the *Cats* investors are members of a rare and dying breed.

A brief summary of why it's a good idea to invest with Eagle Star.



PAN-HOLDING
SOCIETE ANONYME
LUXEMBOURG

Registered Office : Luxembourg
R.C. Luxembourg : b 7023

Notice of Annual General Meeting

The Annual General Meeting of shareholders of Pan-Holding s.a. will be held at its registered office at 10, boulevard Roosevelt, Luxembourg at 3 p.m. on May 30, 1989, for the purpose of considering and voting upon following matters:

- Acceptance of the Directors' and Commissaire's reports and approval of the financial statements for the year ended December 31, 1988.
- Appropriation of the profits, declaration of a dividend for 1988 and fixing of its date of payment.
- Discharge of the Directors and of the Commissaire for all actions taken during the year 1988.
- Statutory nominations.
- Determination of the Directors' compensation for the year 1988.
- Determination of the Commissaire's compensation for the year 1988.

The bearer shares may be deposited with any banking or financial institution agreed by the company.

Depository certificates may be received by the company at boite postale no. 408, L-1024 Luxembourg, prior to May 25, 1989.

No depository certificate is required with respect to registered shares.

The Board of Directors

It sounds almost too simple, but that's how we like it at Eagle Star. Read on and you'll realise that our combination of bright ideas and superb performance makes us a unique proposition.

An excellent return on your investment is something people expect from any of the top companies in this field. And whilst past performance is no guarantee of future success, our Rainbow Funds have one of the best collective performances of any company.*

*Source Money Management, March 1989.

In fact, Eagle Star's investments are generally amongst the best performers in their markets. Be it pensions, unit trusts or endowments.

Whilst some companies might be happy to speak to you in double Dutch, we're not. We had the bright idea to write all our brochures in plain English, and to colour-code our Rainbow investments to indicate the levels of risk and potential return.

So an Eagle Star investor knows exactly

EAGLE STAR
ALWAYS A GOOD IDEA.

Eagle Star Unit Managers Ltd is a member of LAUTRO and IMRO. Eagle Star Insurance Co Ltd is a member of LAUTRO. The value of investments can fall as well as rise. Full written details of Eagle Star's investments are available from your local Eagle Star Life Centre.

what we offer, and exactly what they're getting themselves into.

And with a Rainbow Fund investment, you can change from a high risk to a low risk category at the drop of a hat. That means you can be adventurous when you want, and if you need more security, you simply switch your money into a lower risk category. Simple, but the best ideas always are.

Now here's another good idea. Invest your money with Eagle Star.

FINANCE & THE FAMILY

Anthony Casswell explains how to maintain tax efficiency . . . without bursting into tears

The inheritance issue rears its head

MARRIED couples wishing to maximise their combined net incomes when independent taxation starts next April may need to transfer income-producing assets to the spouse with the lower income. But how will this affect your liabilities to Inheritance Tax (IHT)?

There is no IHT on transfers between spouses during lifetime or at death. The problem only arises if you have beneficiaries whom you prefer to the taxman.

For 1989-90 the first £118,000 of chargeable transfers falls into the nil rate band so that no IHT is payable. If this allowance is not used at the first death of one of the spouses it will increase the estate of the survivor and, assuming IHT remains at 40 per cent, deprive the beneficiaries of £47,200.

To avoid this situation, both of you will have to retain

assets equal in value to the IHT nil rate band, and to leave this amount to someone else apart from your spouse in your will, provided that your spouse can manage without it, which may not be evident in advance.

At present, your beneficiaries can use an instrument of variation to give retrospective effect for IHT purposes to rearrangements of estates made within two years of death — so they can ensure that the nil rate band is not wasted.

But proposals in the Finance Bill will preclude most of these arrangements made after death so, in future, both spouses will have to keep their wills up-to-date.

Total (but not partial) disclaimers of benefits will still be possible, but without the power to redirect disclaimed assets to chosen beneficiaries.

However, you could ask your

solicitor to draft your Will so that an amount equal to the unused portion of the nil rate band is made a Discretionary Settlement, from which your surviving spouse could benefit if necessary.

How can you reconcile conflicting requirements if you wish to transfer income but retain equality of capital? If your largest asset is your home, you may be able to use this to adjust the values of your estates. If the home is jointly owned this will be either as joint tenants or tenants in common.

A surviving joint tenant inheriting the other half of a property automatically, with no option to disclaim. But either partner can convert a joint tenancy to a tenancy in common with no more formality than sending a letter.

Tenants in common nor-

mally have the right of disposition over an undivided half of a property. But a solicitor can draw up a simple deed under which you can jointly declare that you own your home in unequal percentages.

For example, suppose you are tenants in common of a home worth £200,000 and have investments of £50,000 each. Both spouses will be worth £150,000, more than enough to use the nil rate band for IHT purposes. Now suppose that to minimise tax you wish to transfer investments worth £40,000. Capital could be balanced by a deed altering the ownership of the home to 70 and 30 per cent respectively — initially £140,000 and £60,000.

If the values of the transferred investments and the home do not change uniformly, further deeds could be effected to adjust the percentages in which the home is held.

Another way to reconcile income with capital requirements is to use a split-level investment trust. Typically, holders of income shares in these trusts receive all the income, while holders of capital shares take all the capital growth. At a predetermined time the trust will be termi-

nated and the income shares will be repaid at cost value, leaving the residue for owners of capital shares.

There are specialised investments which should be discussed with a stockbroker, but they can be illustrated by an example using the M & G Dual Trust, the assets of which are units in the M & G General Trust Fund.

If you wish to transfer income, you buy 850 capital shares for yourself at a cost of

£13,600 and 1,350 income shares in the name of your spouse for £20,400. The total investment of £30,000 will initially provide gross annual income of £200, all taxable on your spouse.

On termination of the trust, the income shares will be valued at £1 each so your spouse will receive £1,350. At current asset values the 850 capital shares are worth about £22 each, making £19,700.

The directors expect to terminate the trust near to the final date, which is the end of December 1990. Throughout its 17 years, the income will be increased every year at an annual compound rate of 12 per cent; the asset value has fluctuated with an average annual compound growth of 13.5 per cent.

If the trust were to be terminated in seven years' time, during which the compound annual growth of both income and asset values were to be 6 per cent, gross income would have risen to £1,200 and your capital shares would be worth £28,500; at 12 per cent per annum compound growth, the income would be up to £1,790 and the capital £42,500.

How about that for transfers without tears?



EXPATRIATES

It's all changed since you left

SO YOU'VE finally decided that the Middle East wasn't that hot or Southern California not that cool. Maybe you were part of the Hong Kong bustle, a cog in the glassmost wheel or even a Brussels-based eurocrat.

Wherever you've been working, suppose you are thinking of coming back to pick up those mid-career threads in the UK. What differences would confront you on the personal finance scene on your return?

Naturally the extent of the changes and your readiness to cope with them will be determined by how long you have been away and how closely you have kept in touch.

But let's suppose you've had your head in the Saudi sand or your toes in tropical waters for five years. What are the main changes you would encounter compared to how it all was when you flew off one glorious May morning in 1984?

The income tax regime you left behind had not yet been tackled by Nigel Lawson, who was still finding his feet as Chancellor of the Exchequer having taken over from Sir Geoffrey Howe. Mr Lawson's confidence has grown in the last five years and the tax rate band structure has changed to a two-tier income tax regime with a basic rate of 25 per cent and a higher rate of 40 per cent. Capital gains are also now taxed at the same rates as income. Compare this with May 1984 when there were six income tax bands and a top rate of 60 per cent.

Easing the income tax burden at the higher levels has inevitably reduced the appeal of all those tax planning wheezes that abounded in the late 1970s when it was theoretically possible to pay the taxman 99p of every £1 earned.

Despite this, two new tax "shelters" have emerged and found their own niches after some early hiccups. These are the Business Expansion Scheme (BES) and Personal Equity Plans (PEPs). The BES had already been born when you left five years ago but only after a metamorphosis from the laudable Business Start-up Scheme. It has changed a lot since then and is now dominated by the so-called assured tenancy schemes. But it remains an income and capital gains tax shelter for investment in qualifying companies or funds, up to £40,000 a year.

The other innovation, PEPs, was first announced in the 1986 Budget and is now high on every investor's shopping list thanks to the inclusion in this year's Budget of further sweeteners which were deemed necessary after PEPs got off to a distinctly shaky start.

PEPs allow UK residents to hold shares free of both capital gains tax and income tax provided certain rules are obeyed. The annual limit for a PEP investment is £4,500 and half that amount can be put into unit or investment trusts.

You might have been a member of your company's pension scheme when you departed the UK shores. Depending on your employment circumstances overseas you might have remained a member of that scheme. Whatever your circumstances you can now opt out of your occupational scheme and take out a personal pension plan.

At the serious money end of the investment spectrum stockbrokers are no longer wooing small investors unless you have, say, £500,000, and are prepared to agree to discretionary management.

At the retail end of the spectrum there has been a spate of ethical fund launches, some now sporting a distinct shade of environmental green.

Funds which track stock market indices have also become more popular since the Crash of '87, in addition there has been a long overdueudge towards investment trusts.

But where do you go to get advice on all this? That's another big change. The 1986 Financial Services Act requires those giving investment advice to be either authorised by the Securities and Investments Board (SIB), the government's chief investment watchdog, or more likely, by one of the subsidiary special self-regulatory organisations, such as the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra).

The SIB requires strict segregation (known as polarisation) between those offering independent advice and salesmen carrying only the financial products of the company they represent. But you may have to learn a whole new vocabulary to understand what is going on.

Peter Garfield

Peter Garfield is Editor of *The International*, the FT's magazine for expatriates.

Poll tax criteria

I CURRENTLY live with my wife and family in a Scottish city but 80 per cent of my business through a limited company has developed in another Scottish city more than 100 miles away and I am personally acquiring a residential flat there as living accommodation and office.

The local rating/poll tax authority tell me that the poll tax position is that if I or anyone in the flat was assessed there for poll tax, tax would be levied on a personal basis. If no one was taxed there then I would be due to pay a standard charge of twice the personal charge. When I asked about the criteria to establish poll tax residence I was told that these were not entirely clearly stated in the legislation and in practice the authorities with competing claims decided it among themselves. I mentioned that this seemed contrary to established practice on tax related to principal residence where the taxpayer elected the residence for capital gain and for mortgage interest. An arrangement evolved I believe because of the administrative complexity.

You have been advised correctly by our community

charge officer that your second dwelling would be assessed at the standard charge rate (i.e. twice the personal charge) if unoccupied by you and used as a *pied-a-terre*.

It is irrelevant that you spend a number of days and night within your second property for the purposes of qualifying for the standard charge. The mere fact that you own two houses is sufficient.

If you tenanted the second house (irrespective of the nationality of the tenant), however, and notified the community charge officer that the occupier was different from the owner, then that occupier would be liable to pay the personal charge (poll tax) and there would be no standard charge levied.

The community charge is a charge on persons as opposed to a charge on property.

However, you should gain some comfort in the thought that either way, you will be paying far less than you would have in the old rating scheme, which in the two major cities in Scotland, would have left you with a bill at approximately double the poll tax for both properties in any event.

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Builder's offer

AFTER THE death of my wife in 1984, the house and grounds of three quarters of an acre were left to my daughter; I became sitting tenant until my death when it becomes hers.

An offer from a builder of £25,000 was sent me which I passed to her, telling her that the garden at the lower end could be sold as that would leave me labour in keeping it going. Being now 65 years of age I cannot do justice to it.

If the offer is to be accepted, the house involves a length of 206 ft of the total length of 350 ft. Would this attract either CGT or inheritance tax?

The offer should be passed immediately to the trustees of your wife's will, who should seek guidance from the trustee's solicitors without expense.

We take it, from what you say, that you are not, in fact, one of the trustees — but possibly you may mean that your daughter is a trustee (as well as being my residuary legatee).

The solicitors will explain the trustees should escape CGT on the property sale by virtue of section 104 of the Capital Gains Tax Act 1982. You and your daughter and the other trustees (if any) should sit down with the solicitor and discuss how to mitigate the prospective inheritance tax liability.

Vicar's tax plea

I am a vicar, aged 64. I live in a house which I shall lose on retirement. Five years ago I was left some money and with it I purchased a small house for £28,000. This house has been let pending my retirement. It is now worth £78,000.

If I retire this summer and sell the house to enable the purchase of another in a different location, how much capital gains tax will I have to pay?

Would this sum be reduced if I lived in the house for a short period or a long period?

It is a pity that it did not (apparently) occur to you to check the prospective gains tax position with the solicitor who acted for you in the purchase (and letting) of the house, five years ago. The solicitor would have explained that you could escape CGT by giving notice to your tax inspector (within two years of the purchase contract) that the house should be treated as your main residence with effect from the day of the purchase contract, by virtue of subsections 8 and 5(a) of section 101 of the Capital Gains Tax Act 1982. This is explained briefly in a free pamphlet, CGT4 (rather misleadingly entitled "Owner-occupied houses"). Ask your tax office for the free booklet of extra-statutory concessions, IR1, and see whether he or she is pre-

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*Source: Plumed Strategic Data Services. Group weighted performance rankings across the UK's 10 largest unit trust groups to 11.89. Offer to the public, net income reinvested.

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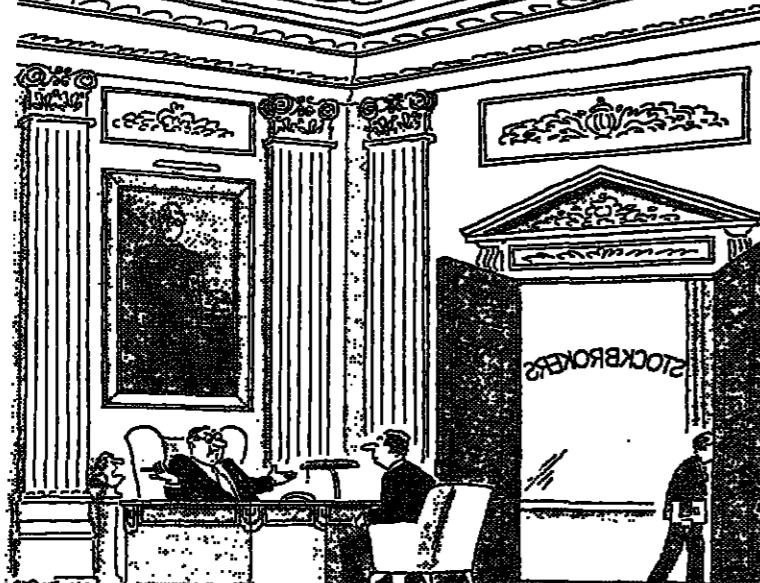
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Address: _____ Postcode: _____

Member of ISAF and AFBS

I HAVE a sizeable portfolio of investments, registered in my sole name, but at present my wife has virtually none. If I re-register the investments in our joint names: Will this action suffice to obtain the maximum tax benefits arising from the independent taxation of married couples proposed for 1990-91? Will the inland revenue then regard each investment as being owned equally between us? Is there any advantage in re-register-

pared to accept a late notice (with full retrospective effect) under concession D21 — Private residence exemption: late claims in dual-residence cases.

Builder's offer

AFTER THE death of my wife in 1984, the house and grounds of three quarters of an acre were left to my daughter; I became sitting tenant until my death when it becomes hers.

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INTERNATIONAL CONFERENCES & EXHIBITIONS

The Financial Times proposes to publish this survey on:

17 JULY 1989

For a full editorial synopsis and advertisement details, please contact:

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or 01-873 3000

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

M.C. BRACKENBURY & CO

WEEKEND FT REPORT/CHICAGO TOURISM

Tours and transports of delight

James Abbott hops aboard the 'El' to taste the top attractions

CHICAGO is rich in history and ethnic diversity – and is also one of the few cities in the US with a public transport network worthy of the name. Some interesting neighbourhoods can be reached both quickly and cheaply using local trains and buses, and often with a splendid view of the city to boot.

On the far south side of the city, for instance, see Pullman – the model manufacturing town built by George Mortimer Pullman, the inventor of the railway palace car which bears his name. Almost a victim of the demolition contractor's ball ten years back when coach building ceased there, Pullman was saved by some enterprising individuals from this predominantly Italian-American area and survives to show us the 19th century social pecking order in bricks and mortar.

The shortest walk from the works (now a steel stockholder's warehouse) are the detached homes which were formerly occupied by the managers. Slightly further away are the terrace houses where the foremen and their families resided, while on the edges of the model town are the boarding houses where the labourers lived. In the midst of it all is an elegant market pizza and the resolutely Victorian Hotel Florence, which Pullman named after his daughter and where he used to stay when visiting the works.

While the solidly-built houses and spacious public areas make Pullman seem a paragon of 19th century standards, all was not sweetness and light – the model town was the scene of one of the most bitter labour disputes in US history in the depression of 1894, when the palace car prince cut his workers' wages but refused to decrease their rent. A truncheon used in the street battles of that summer of overheated tempers can be

seen in the Hotel Florence, which has been turned into a museum. Lunch is served in the old hotel dining room during the week, and brunch at the weekends (call 785 6161 for Hotel Florence opening times).

Pullman can be easily reached on Metra electric suburban trains, which run from the underground station at the crossing of Michigan and Randolph streets (travel information on 322 6777). The half-hour run to the 11th Street station in the heart of Pullman takes the visitor past Soldier Field, home of the Chicago Bears American football team, and Hyde Park – the elegant south-side area housing the University of Chicago.

Just a few minutes out of the downtown terminus on the western side of the line can be glimpsed the turrets of the mansions on Prairie Avenue, the most fashionable area of Chicago in the 1880s and where Pullman himself lived. There is little of him left. In this area now, though, the Pullman mansion is no longer extant, and his grave lies some miles away in a cemetery on the north side. When he died in 1897, his family feared desecration of his grave by embittered union members and had his coffin encased in a block of concrete the size of a room – they made sure, he wasn't going anywhere.

The stamping ground of another of Chicago's famous sons – architect Frank Lloyd Wright – can be visited at Oak Park on the west of the city. Take an early lunch in the sun-drenched atrium at Prestential Towers at 575 West Madison street, then climb aboard a Geneva-bound suburban train at the North Western station opposite for an afternoon jaunt to Oak Park (20 minutes out, return from 322 6777).

First stop should be the Frank Lloyd Wright visitor centre (843 1976), a five-minute

walk to the northwest of the station at Forest Avenue and Lake Street. Here Wrightian memorabilia can be purchased, maps highlighting prairie-style houses in the vicinity can be picked up and there is information about guided tours.

Most visitors take in the Frank Lloyd Wright home and studio, where the architect spent his first years of marriage at the end of the last century and where the early masterpieces on which his reputation was built were designed. The house itself is something of a disappointment.

Wright used it as a laboratory for each new idea which struck him, and consequently it has a batched-about air.

More than making up for this is Unity Temple, an architectural tour-de-force located at 375 Lake Street. The concrete exterior presented to the street is plain enough, but the interior is stunning. Wright combined masterful use of lighting with clever interplay of cubic

shovelling gulls at the Union Stockyards. In their heyday, the yards were employing more than 30,000 to slaughter some three million cattle and six million pigs a year.

Today, there is no trace of the sickly smell of the stockyards. The US cattle business has moved to the southwestern states, Chicago is pitching itself at the world financial market and forging a new image.

The city's reputation as a "city that never sleeps" like a loose garment around the body of its hi-tech aspirations as Chicago tries to put behind it the gritty, manufacturing and wheeling-dealing tradition on which it once thrived. Al Capone and his cohorts are also embarrassingly confined to the past.

The furor that swept like a prairie wind through the city

at a recent scheme to confer historic site status on Capone's old home bears witness to Chicago's uneasy relationship with its history. The plan was eventually quashed. For the most part, the city has stubbornly refused to cash in on the lucrative associations it has with the gangster era in spite of a reawakening of interest in the period sparked by the 1987 movie hit, *The Untouchables*.

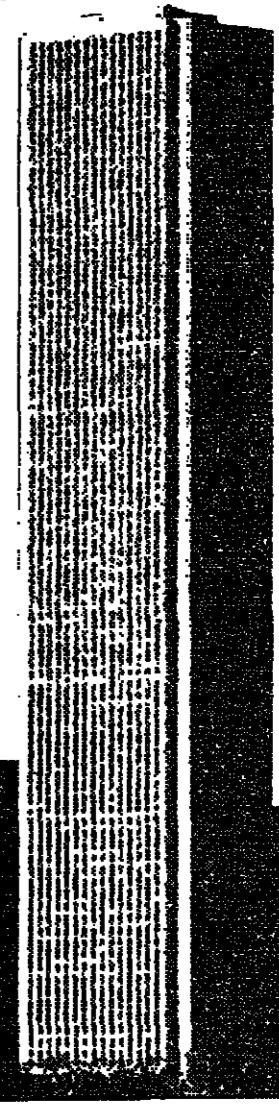
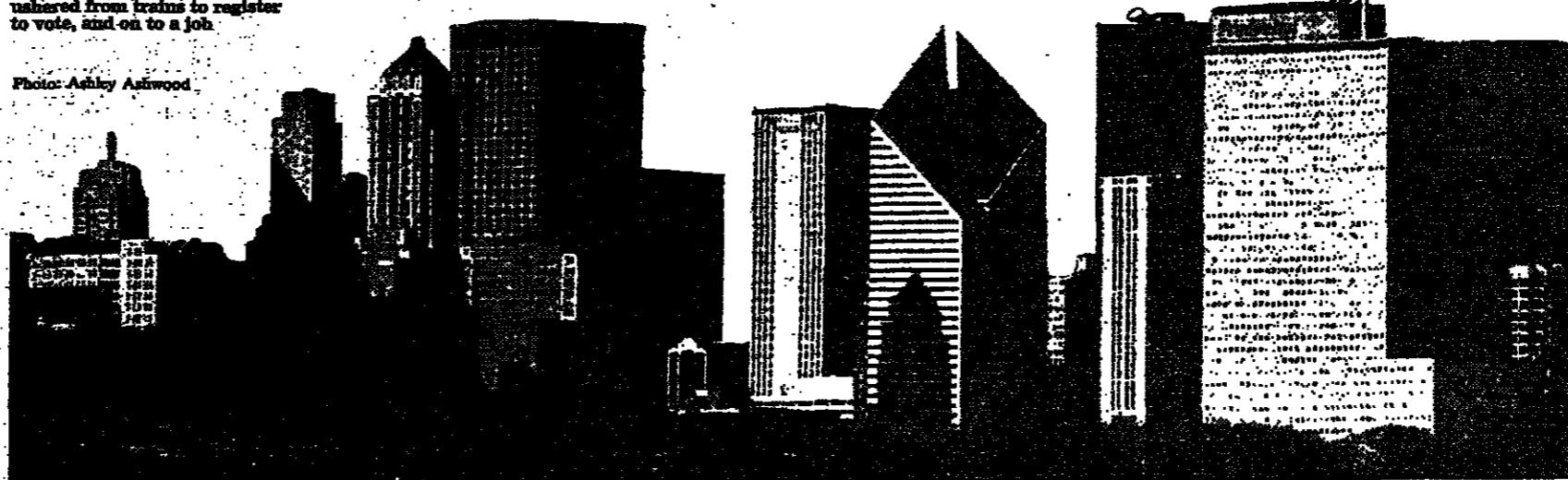
One tradition that has, however, continued uninterrupted from Prohibition is the city's vociferously unique style of government. While the brutal machinations of Richard Daley, the city's long-time mayor, at the 1968 Democratic party convention in Chicago are perhaps remembered by only a handful of liberals, the city's combative politics are still going strong.

In this highly segregated city, the politics are inevitably those of race, and last month Chicago became the first major US city to oust a black mayor in favour of a white contender – the late Richard Daley's son, Daley's victory makes it seem even less likely that the city might stop the rot in its notoriously poor black neighbourhoods, much of it the result of the policies of the city's white fathers.

Nevertheless, the city's public front is characterised by the kind of intense civic pride that is the hallmark of many manufacturing towns. Its downtown evokes the wealth generated by the success of its financial markets and its trim lakefront and Gold Coast residential area is reminiscent of a bourgeois forged with long hours of hard work.

Deborah Hargreaves

Photo: Ashley Arwood



walk to the northwest of the station at Forest Avenue and Lake Street. Here Wrightian memorabilia can be purchased, maps highlighting prairie-style houses in the vicinity can be picked up and there is information about guided tours.

The return trip to the city can be made on the same North Western train as the outward journey, but there are more frequent departures on an alternative route, the Lake Street line on Chicago's famous "El" (elevated railway) system. The western terminus of that line (named Harlem) is located adjacent to the North Western station in Oak Park, and a \$1 flat fare takes the visitor back into the city.

This route is for aficionados of urban dereliction, for soon after leaving the leafy suburban streets of Oak Park the "El" train plunges into some of the most blighted areas that Chicago has to offer. The railway's elevated position gives a fine view of the mournful scene, with the dereliction persisting almost into the Loop, the elevated railway oval which gives the downtown

area its name and where it will probably be convenient for the visitor to leave the train.

To view a neighbourhood at the other end of the income scale, head for the Gold Coast along the lake.

The chic shops and up-market hotels are at the top of Michigan Avenue, but for a more leisurely stroll head a bit further north. Take the subway line (flat fare \$1) anywhere on State Street in the downtown area, such as outside the Marshall Field store, and join a northbound train in the direction of Howard.

Leave the train at the Clark and Division stop and walk three blocks east (towards the lake) on Division street. Turn north into Astor Street, named after industrial magnate John Jacob Astor. Here are grand houses in styles ranging from Romanesque revival to Art Deco, built for Chicago's rich and famous when the Gold

Coast became fashionable in the decades following 1880.

Particularly notable is the Renaissance-style mansion at the northwest corner of Burton and Astor Streets, occupied at different times by two of Chicago's leading families: it was commissioned by Chicago Tribune publisher Joseph Medill for his daughter in 1892, and later owned by Cyrus Hall McCormick II, of the family that made its fortune in agricultural reaping machines.

Intellectually refreshed by the fine architecture on Astor Street, physical refreshment can then be had with a dip in the lake – turn right at the top of the street for a short walk to an underpass to the beach. Alternatively, head straight on into Lincoln Park for land-based pleasures, such as the zoo and the plant house.

To fill up on a traditional Chicago dish before going back downtown, head over to the west side of the park and order a pizza at Giordano's restaurant (1840 North Clark street, 944 6100). The 22 and 36 buses (\$1 in exact change needed) go south from there to the downtown area.

By contrast, a dish not usually associated with Chicago can be had with a ride further north on the Howard line. The destination, for the expatriate Englishman hankering after his familiar Indian restaurant on the corner, is Chicago's Little India – ideal for an evening excursion which takes in dinner.

Before joining the train at one of the stations on the State Street subway, purchase a transfer ticket (\$1.25), as the trip involves a bus journey at the underground section of the route, the ride north takes the traveller to roof level past town houses, shops and churches. Leave the train at Loyola station, adjacent to buildings of the university of that name. Turn right outside

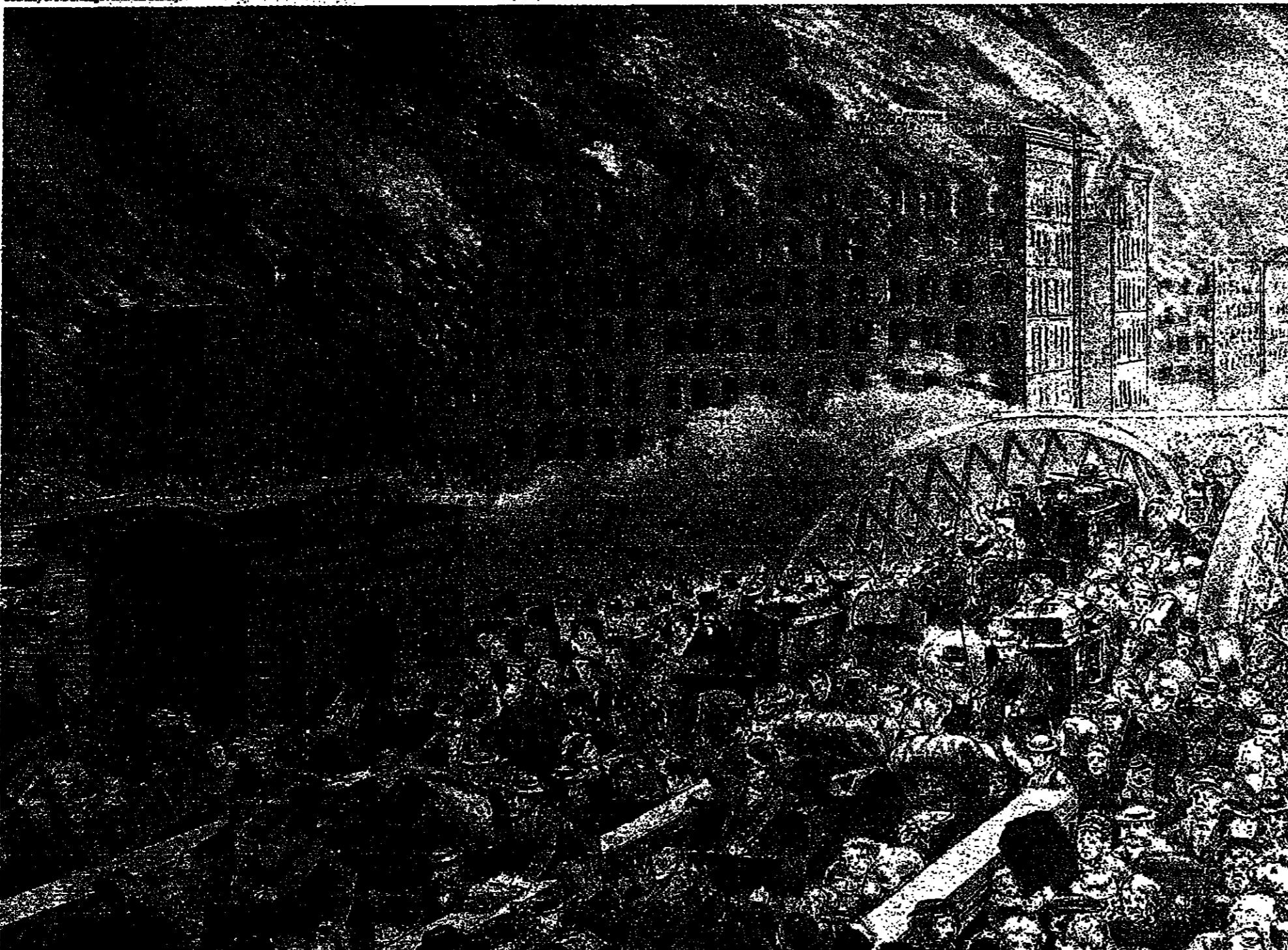
the main entrance to the station and, sticking on the same (west) side of the road, take a 155 bus from the stop about 50 yards down, handing in the transfer ticket on boarding. This bus turns west along Devon Street (pronounced "Divonne," with the stress on the second syllable).

Get off the bus in the heart of the Asian district, about 2600 west in street numbers, for a stroll along the shop fronts. Here, basmati rice and the Oriental herbs and spices that are essential ingredients of a curry can be purchased, along with quintessentially English items such as HP sauce and Quality Street chocolates.

Top the trip off with a curry at one of the many restaurants – especially recommended is the Gandhi at 2601 West Devon (761 8714). Buy the transfer on the bus on the way back (\$1.25 in exact change needed); the ride back on the "El" will show the city by starlight.

October 8, 1871: the brightest day in the history of Chicago's architecture.

Courtesy of the Chicago Historical Society.



In America, there exists one of the greatest architectural museums in the world.

It's called Chicago.

A city entirely destroyed by the Great Fire of 1871.

Yet the indomitable spirit of its citizens did not go up in flames; by developing technological innovations that forever revolutionised construction methods, they created out of rubble a metropolis of international stature. And so doing, established Chicago as the birthplace of modern architecture.

Today, as before, architects from all over the world converge on Chicago to learn by example.

The buildings surrounding Grant Park alone constitute the largest, oldest and architecturally richest cultural center in America – the Art Institute (1893), Orchestra Hall (1904), the Field Museum (1920), the Shedd Aquarium (1929) and the Adler Planetarium (1930).

Indeed, the city itself is a living laboratory of the masters: Sullivan, Wright, Van der Rohe and others.

It is their energy and bravado that inspires Chicagoans to reach a little higher. To present to the world its tallest building (Sears Tower), its busiest airport (O'Hare International), and appropriately its largest architectural firm (Skidmore, Owings and Merrill).

To receive information about our 1989 Architectural Tour packages, simply fax us in Brussels at 32-2-5125809.

In Chicago, love for architecture is still burning.

Chicago.
The American Renaissance.

WEEKEND FT REPORT/CHICAGO TOURISM

High life in a modernist museum

James Abbott takes a stroll through a city on the cutting edge of architecture

CHICAGO is rightly famed for its modern architecture. Historians may quibble about whether New York or Chicago (or maybe somewhere in between) was the site of the first skyscrapers, but the Windy City is surely the spiritual home of the tall office building. The "glass stumps" that the Prince of Wales would banish from the City of London belong in Chicago's Loop.

In Chicago in the closing years of the last century the three elements that made skyscraper construction feasible – the elevator, the structural steel frame that dispensed with the need for load-bearing walls, and the economic necessity for having large numbers of people in the same place at the same time – came together. In on the birth of the new form of architecture, Chicago has maintained its position on the cutting edge ever since, and today the streets downtown are a living museum of modernism.

In South Dearborn Street, for instance, the last of the old and the first of the new confront each other across the street. The Monadnock Building (330 South Dearborn) designed by Burnham & Root in 1891, pushed load-bearing masonry construction to its limits. At 16 stories, it is the tallest building in the world with load-bearing walls: at the base, the walls are six thick, bearing resemblance to some huge medieval fortress.

Across the street stands the Fisher building of 1896, where Daniel Burnham (on his own following the death of former partner John Root) used a structural steel frame, which permitted a light and airy facade punctuated by multiple windows. Visitors should note the little sea creatures embedded in the gothic detailing – gewgaws designed to appeal to the vanities of the original owner which the building was named after.

By walking just a block or two in Chicago, broad patterns in the development of architecture in the past 100 years become evident. Take, for instance, modern architecture's retreat from the street, which can be witnessed by standing on just one street corner in Chicago.

When large-scale office



Glittering spires . . . Chicago is a living museum of architecture

blocks were first designed, there were technical constraints to the height of buildings, and artificial lighting was a poor substitute for daylight. Hence architects took full advantage of the whole site, building right out to the pavement of a complete city block, with a light well in the core to allow maximum penetration of daylight. Burnham & Root's Rookery building of 1886 at 209 South La Salle Street exemplifies the type.

As artificial lighting improved, roofing in the light well became feasible, and the steel frame permitted the construction of tall, thin buildings. A plinth a few storeys high, with a central tower much higher, became the norm – the retreat from the street had begun.

The process reached its apogee after World War Two, when the new breed of modernists dispensed with the plinth and settled just for the central tower, leaving those wind-swept plazas at street level which have become the bane of the city pedestrian in winter. Witness the empty spaces surrounding the Federal Center on Dearborn Street a couple of

blocks east of the Rookery, with surroundings providing a feast for the eye in some of the best buildings designed by Mies van der Rohe and a massive steel sculpture by Alexander Calder, but little comfort for the body.

Chicago's buildings of the inter-war years generally maintain a sober exterior by comparison with those of New York of the period, although one exception is the Carbide and Carbon building of 1928 at 230 North Michigan Avenue, whose black marble, bronze trim and gold leaf make an eye-catching addition to the streetscape. But some of the interiors of this period are very impressive: Art Deco aficionados will especially want to catch the foyers of the Board of Trade (141 West Jackson Street) and the 135 South La Salle street buildings.

Despite the availability of such excellent original design work, some patrons of the period chose plans with overtly historical references. For example, take a pair of buildings which face each other on two of the choicest sites in Chicago, on the north end of the river bridge on Michigan

Avenue. The Wrigley Building, of chewing gum fame, designed by Graham, Anderson, Probst & White in 1921, has a tower modelled on Seville cathedral. The building was skilfully angled so that from some points further down Michigan Avenue it looks as if it stands right across the street.

Opposite stands the Tribune Tower of 1925, a bizarre skyscraper with a pastiche of Rouen cathedral lumped on the top. While the historical references are plain, both these buildings are so individualistic as to be far from mere copies.

Moving on half a century, the familiar facades of curtain glass and vertical steel members which are to be seen all over the Loop are the signature of one of Chicago's most famous adopted architectural sons, Ludwig Mies van der Rohe – and his imitators.

With such curtain glass facades, the materials are held to be truthfully exposed and form is said to follow function. Detractors demur from such rigour, claiming that there is

no such honesty (structural steel is fireproofed, and therefore cannot be seen) and that such uniform facades merely confuse, with no distinction being made on the exterior between a broom cupboard and the board room. Despite such arguments, Chicago's many Miesian buildings, especially those produced by the hand of the master himself, add class to the streetscape.

With the Miesian ethos being replaced by new directions, the decoration pendulum has swung again. Take Philip Johnson's 190 South La Salle Street building of 1987: the eye is led up the side of what seems to be a conventional skyscraper, only to be surprised by steeply pitched roofs and close-packed millions reminiscent of a Flemish town hall. The interior takes one from behind in the same way: in through conventional rotating doors to marble floors, Corinthian pilasters and a high gilded ceiling, in a foyer that echoes like a Renaissance cathedral.

Not that all the post-modern work in Chicago has been so successful. The spaceship-like State of Illinois Center (100



The Sears Tower lights up the Chicago sky at night

West Randolph) by Helmut Jahn, with its impressive glassed-in interior space, has come in for both praise and criticism, although it is the architect, much of the initial trouble with this building came from failure to observe his specifications.

Still vibrant a century on, Chicago's architecture is a source of perpetual interest. One of the easiest ways to see the best the city has to offer is to join one of the Loop walking tours organised by the Chicago Architecture Foundation, based in the Monadnock Building at 330 South Dearborn Street. Call 322 1333 for times.

Where to find a room with a view

HOTEL SPACE can be scarce during the convention season, but Chicago offers a wide range of accommodation and several new hotels are planned. Most hotels will offer very reasonable weekend packages with prices often half of the weekday rate.

The Drake (tel 787 2200) reigns supreme in the Chicago hotel market. With its lofty location at the head of Michigan Avenue – the main shopping thoroughfare – it commands a panoramic view of the lake, but a lake view will boost your bill.

The Drake rests very much on its tradition as Chicago's oldest establishment hotel, but although its Cape Cod Room restaurant is unrivalled for its selection of seafood, the bedrooms can often be cramped. Rates start at \$160 a night.

The neighbouring Mayfair Regent (787 8500) competes with the Drake for distinguished visitors. It lays a heavy stress on personal attention, even down to keeping a card index with details of regular guests' likes and dislikes – if you are partial to a late night snack of chocolate chip cookies, you can expect to find them in your room.

In keeping with its reputation for service, the hotel prides itself on the ability of its staff to speak several languages. A favoured spot with visiting musicians and actors, the Mayfair charges upwards from \$165 for a double room.

Anyone who remembers the anti-war demonstrations that plagued the 1968 Democratic party convention in Chicago may want to visit the Hilton and Towers (822 4400) on south Michigan Avenue. This is where mayor Daley's police attacked anti-Vietnam protesters, many of whom came crashing through the Hilton's plate glass windows. The Hilton has just undergone a major renovation at a cost of \$180m. Double room rates run from \$144 to \$215 with a special weekend package of \$75 per night, which includes a continental breakfast.

One of the best in a crop of Chicago's new hotels is the Hotel 21 East (266 2100) located in the heart of the

Rush Street area of bars and restaurants. The sleek Hotel 21 is part of a new breed of hi-fi hotels, providing a full hi-fi centre – complete with compact disc player and three televisions that are changed daily – in each room. Room rates run from \$190 to \$225 in the week with a variety of weekend packages.

In the same market as the 21, the Ormli Morton (663 3200) is a converted printer's loft just south of the city's business district.

The Morton has concentrated on preserving its architectural themes in this historic district. Its rooms, which cost \$160 to \$190 for a double, with a weekend price of \$65 a night, offer an understated elegance.

The neighbouring Mayfair also features one of the trendiest new restaurants in the city, Prairie (663 1143), which specializes in hearty Midwestern cooking and offers dishes such as grilled buffalo steak as a main course and peach and gingerbread pudding for dessert.

The huge Palmer House (726 7500) is located right in the Loop with rooms starting at \$116. The Palmer House is another well-established Chicago institution, but is often crowded, noisy and disorganized.

The recently renovated Chicago hotel (787 4980) on north Dearborn Street also charges \$116 per night, but its rooms are small.

The Hotel Nikkei (744 1900) is owned by Japan Air and offers both American and Japanese style rooms. A Japanese suite comes complete with futon and Japanese rock garden, but will set you back as much as \$1,000. The rate for regular rooms starts at \$165 a night.

For cheaper options, Chicago also has its range of Holiday Inn, Best Westerns and Days Inn in the downtown area.

In addition, bed and breakfast facilities are available for as little as \$50 to \$60 a night through Bed and Breakfast Chicago, PO Box 14086, Chicago, IL 60614-0866.

Deborah Hargreaves

When the year 2000 comes to Chicago, it will feel instantly old.

Hailed as the avant-garde capital of the world, Chicago's vision of tomorrow is conspicuously evident today.

From the moment you step off the plane.

The new United Airlines Terminal at O'Hare International is, by all accounts, the airport of the future. Designed by Helmut Jahn, this stunning structure achieves a rare blend of aesthetics (spectacular skylit arcades) and function (the first all-computerized baggage system).

Once in the city, you'll encounter more of Jahn's modern monuments. From the streamlined, Art Deco inspired Northwestern Atrium to the spacious and space age state of Illinois Center, the most talked about building in America.

Already home to three of the world's five tallest towers, Chicago's skyline now includes the new NBC, Prudential and AT&T buildings. These post-modern marvels will figure prominently in the look of the 21st Century.

As will 333 West Wacker Drive: its unique curved facade mirrors a bend in the adjacent Chicago River – a design precedent for future architects to follow.

But to understand Chicago's tradition of being ahead of its time, you needn't focus solely on architecture.

Its spirit for innovation is manifested in many ways.

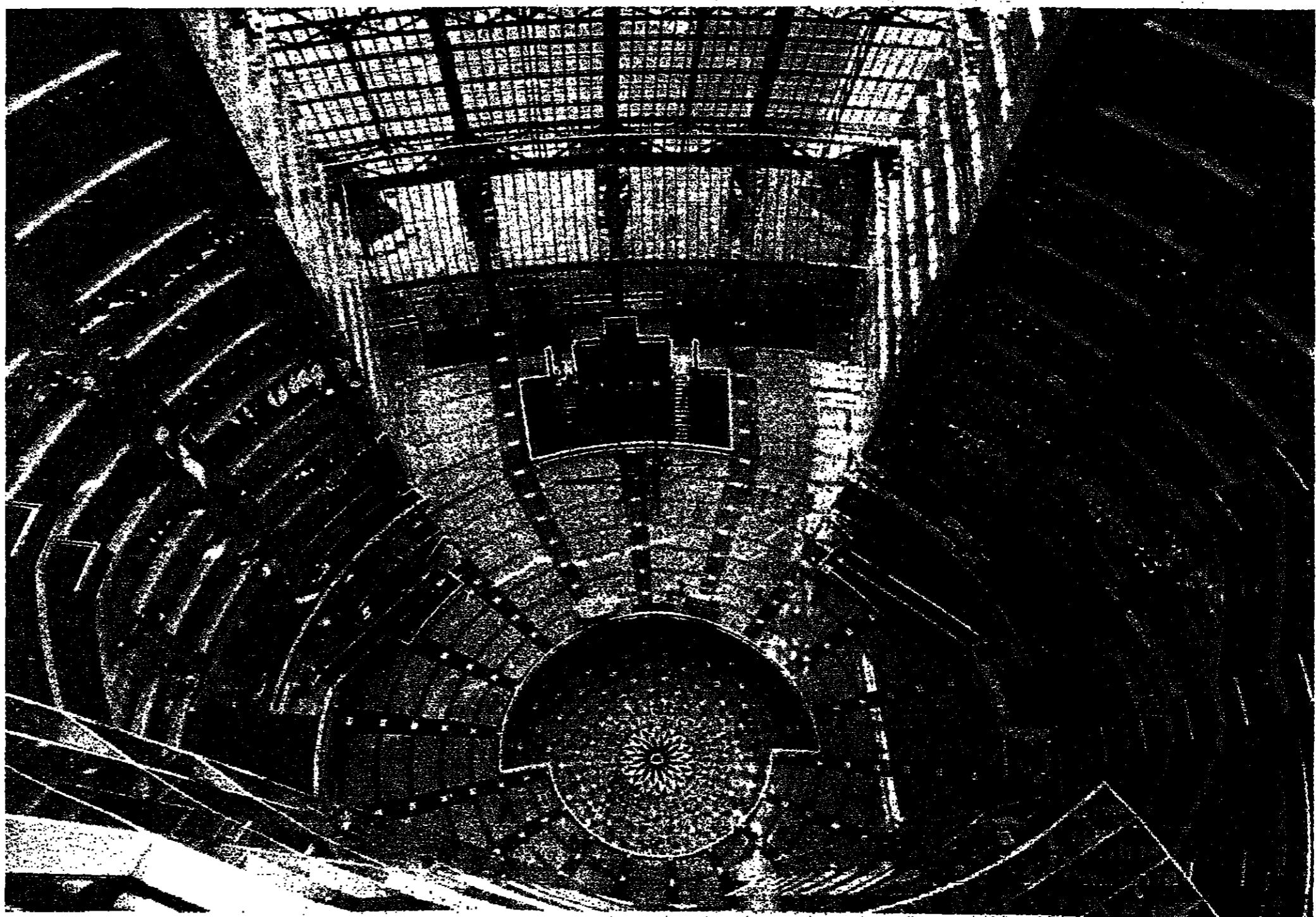
For only in Chicago will you find triple-tiered streets, for better traffic flow. The world's most advanced water filtration facility. The world's most powerful nuclear particle accelerator (Fermilab).

The ultimate experimental cinema (Omnimax Theater, with its 5-story domed screen). And more trade shows than any other city in the world, showcasing everything from utopian cars to tomorrow's super-computers.

So for an impressive look into the future, look into visiting Chicago. For tours and information, simply fax us in Brussels at 32-2-5125809.

And don't wait until tomorrow: it's already here.

Chicago.
The American Renaissance.



WEEKEND FT REPORT/CHICAGO TOURISM

CROWDS bustle through a lively Egyptian street market at Chicago's Field Museum of Natural History, where visitors also watch a shadow lifting water from the Nile and can see how ancient Egypt's dead kings were mummified; inside Ancient Egypt is the first step in an ambitious expansion plan at the Field Museum that aims at making the natural history institution one of the world's foremost by the time it reaches its centenary year in 1993.

As an interactive exhibit, Inside Ancient Egypt, which opened last year, marks an innovative stage in museum development. Visitors are encouraged to become involved in the activities of the exhibition, which include a papyrus-making demonstration, an explanation of the Egyptians' system of barter, and help with writing your name in hieroglyphics.

"Our exhibition is unique in dealing with life as well as death," says Philip Cowling, programme co-ordinator. "The perception of ancient Egypt has been as a society obsessed with death, but as far as we know, the Egyptians also enjoyed life to the full." The Field Museum's exhibition sets out to show this love of life in its street market, where volunteers create exotic Egyptian hairstyles, barter fruit and offer pedicures.

But the exhibit also has its more traditional show of mummies, and a complete reconstruction of the tomb of a Pharaoh's son, Unis-Ankh, is complete with robbery tunnels.



Chicago's many museums and galleries provide a feast for the eye, reports Deborah Hargreaves

Visitors descend on Chicago through the initial stage, which includes two additional chapters, brought to Chicago in 1988, to view a history of mummification and a reconstruction of the natural history institution, one of the world's foremost by the time it reaches its centenary year in 1993.

Inside Ancient Egypt is the first part of a 10-year expansion plan at the Field Museum, where visitors are invited on their favorite exhibits to establish priorities for the new displays. Dinosaurs, mummies and cave men proved most popular and the museum has planned its most extensive new addition to feature a walk-through on evolution, *Time Over Time*, to be unveiled in 1990. Next year, another interactive display will be opened on the Pacific Islands, and after that Africa.

The Field Museum was founded with money from Chicago's most prominent retailer, Marshall Field, when he was persuaded to provide \$7m to preserve a vast collection of natural history specimens remaining from the 1893 Exposition in the city. Continuing this tradition of patronage, most of the current expansion programme will be funded by local businesses.

But the exhibit also has its more traditional show of mummies, and a complete reconstruction of the tomb of a Pharaoh's son, Unis-Ankh, is complete with robbery tunnels.

the city each year.

With its space exhibition, submarine and coal mine, Chicago's huge Science and Industry museum (tel. 634 1414) is the area's most popular tourist attraction, drawing more than 4m million visitors a year. Located near the University of Chicago at Hyde Park in the south of the city, the museum houses some 2,000 exhibition units on its 15-acre site.

The Henry Crown Space Center, devoted to man's exploration of space, which was opened as part of the museum

in 1986, is proving its most popular feature. It houses the Apollo 8 capsule and features a mock-up of the US space shuttle which takes visitors on simulated space flights.

A central part of the exhibition is a film theatre that, according to the museum, uses the world's most advanced film projection system to stage a disorienting film show of an earth orbit. With a cinema screen extending round the walls and overhead and sound coming from all directions, the show provides an extremely

realistic view of an astronaut's trip.

The museum's exhibitions run the gamut of technology. Some of its more basic features are shown in the reconstruction of a southern Illinois coal mine, where visitors are ferried between shafts on a rickety mine railway. A captured German submarine from World War Two is on display, complete with a 1944 film of its seizure – the first enemy warship to be taken by the US Navy since 1815.

The Science and Industry

museum is trying to make technology more accessible to the public with an array of interactive displays, where visitors can operate computers, test their cholesterol levels and ride on an aerogenerator to the centre of the Earth.

Rather more restrained in its presentation, but housing an equally impressive collection, is Chicago's Art Institute, close to the centre of town on South Michigan Avenue (tel. 443 3600). The Institute is renowned for its large collection of Impressionist and Post-

even moving back through time.

Sky shows are scheduled at 11.00am and then every hour from 1.00pm to 4.00pm in the summer with an evening show on Fridays at 8.00pm. The rest of the museum contains a permanent exhibition on the solar system, telescopes, navigation and the history of astronomy.

Within walking distance of the planetarium, the John Shedd Aquarium (tel. 333 2428) is the world's largest indoor aquarium, containing over 8,000 aquatic animals. The high spot in a visit is the daily feeding at the institute's coral reef, when visitors can use a two-way microphone to speak to a diver as he feeds the fish. Daily feedings are at 11.00am and 2.00pm. Next year the aquarium plans to open its 170,000 sq ft "ocearium" which will house whales, penguins, dolphins and sea otters.

The Art Institute has grabbed the headlines in recent months by enraging local residents with two controversial exhibits. The first, a student's painting of the city's late mayor, Harold Washington, in revealing dress was removed by city politicians, and a later display featuring a US flag on the floor prompted many patriotic demonstrations by furious war veterans.

Tucked away at the back of the Art Institute and often overlooked by a casual visitor is the reconstruction of the Midwest. St. Eustache's first great hall. The room is well worth a visit for its pastel themes and stenciled wallpaper, which architect Louis Sullivan used to impart a bucolic air to the frenetic trading arena.

Chicago's Adler Planetarium (tel. 322 0300) extends into Lake Michigan and is within walking distance of the Field Museum. The Planetarium stages a multimedia sky show, highlighting the planets in the solar system, visiting distant stars and galaxies and

Spectre of Scarface comes back from the dead



Al "Scarface" Capone, Chicago's king of crime.

FROM Macclesfield to Macie, ask the man in the street what he knows best about Chicago and the answer will be: Al Capone.

But in Chicago itself, civic leaders have refused to recognise the city's colourful past, worried that it might compromise the city's image. You will look in vain for the gangsters museum or a statue of Alphonse "Scarface" Capone.

Two local entrepreneurs, however, think differently. Craig "Southside" Alton and Don "Dixie" Fielding are capitalising on Chicago's most famous son with their "Untouchables" bus tour, named after the 1937 movie hit, which takes in the sights of the city's gangster past –

or what's left of them. And that, in most cases, is precious little. Truth to tell, the "Untouchables" tour is chiefly a shuffle around a series of parking lots, but Southside and Dixie carry the thing off with such panache that one scarcely notices the paucity of the physical evidence.

Dressed in spats, baggy suits and wide-brimmed hats, the pair take tourists back to those heady days of the Prohibition, when hooch gangs fought street battles over turf and police and judges were in the pockets of those that paid them the most. Contrary to popular belief, the gangsters weren't all Italian – they were drawn from all of Chicago's many ethnic neighbourhoods.

As an instance, take Dion

O'Bannon, an Irish jackroller (mugger) and boxer (safecracker) turned speakeasy king who ran a florist's business as a front. Dixie and Southside show you the site of his flower shop opposite the Holy Name Cathedral where he was shot on Capone's orders.

Two years later, 28-year-old Earl "Hymie" Weiss, the "Polish Prince of Crime," fell on the steps of the cathedral itself, machinegunned by Scarface's men. In a war with Capone, Weiss had had the temerity to drive through Cicero – The Big Fellow's stronghold – at high noon with all guns blazing, and had made the fatal mistake of missing his man.

Another of Irish extraction was Michael "Hinky Dink"

Kenna, who made a lot of money as a pimp. Keeping elected officials on his side was an art for Hinky Dink: he paid street bums 50 cents each time they voted, directing them on election day from one polling station to another. The Chicago election maxim, "vote early and vote often," is said to have originated with him.

Also on the itinerary is the hotel on the city's south side where Scarface himself resided, directing an empire of prostitution, gambling and illegal drinking worth over \$100m – a fantastic sum in the Twenties – which he had taken over at the age of 24.

"Capone's Castle" is boarded up these days. But it is rumoured to have been bought recently by developers – who if they have any sense, will

renovate it with a 1920s theme.

Southside and Dixie's tour closes with two of Chicago's most notorious killings.

Penultimate stop is the Biograph Theater, where bankrobber desperado John Dillinger was caught in 1934.

Set up by Anna Sage, the famous "lady in red" who was after the \$20,000 reward on his head, Dillinger's last hours were spent with Sage and a moll in her pay watching Clark Gable in "Manhattan Melodrama." The madame was wearing an eyecatching skirt (actually orange, not red), so that when the trio emerged from the cinema detectives were able to gun Dillinger down – with scant regard for due process.

Last stop on the tour is the parking lot where the most

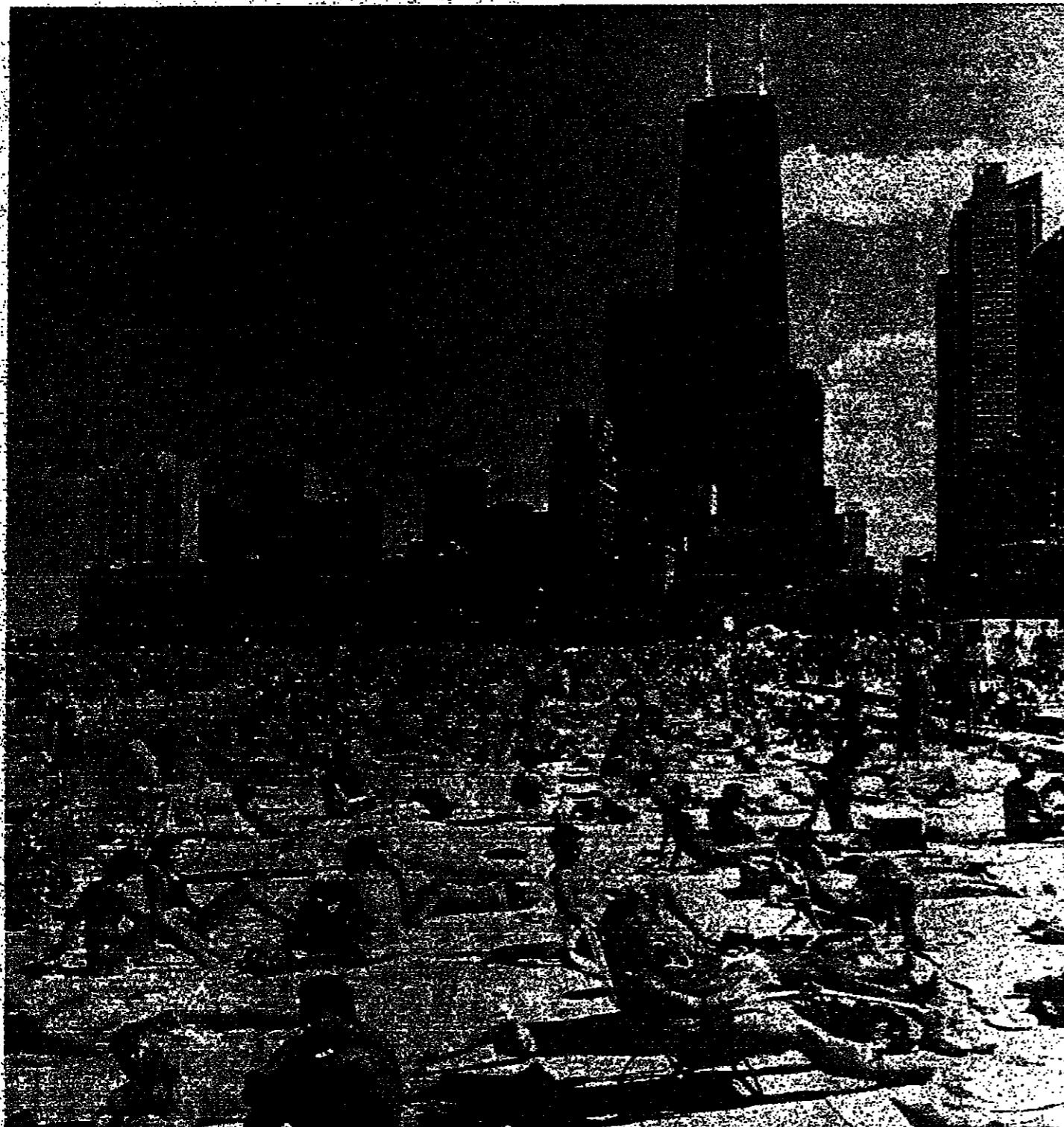
grisly murder of all, the Saint Valentine's Day massacre of 1933, took place. Back then, a garage stood on this spot – where Irish hoodlorn George "Bugs" Moran was set to pick up a consignment of liquor.

Moran took flight at a suspicious-looking police car and kept away but seven accomplices were not so fortunate. Four of Capone's cronies pretending to be policemen lined them up against the garage wall and shot them down with tommyguns – thenceforth known as "Chicago choppers."

For times of "Untouchables" tours call 881 1195, \$17 per person, or \$45 with dinner at "Tommyguns" 1920s theme restaurant.

James Abbott

For those who think the new America is the Pacific Coast, we propose the restless coast.



The Restless Coast.

26 miles of beaches and parks stretching along the entire eastern border of a city nestled beside the sixth largest body of fresh water in the world – Lake Michigan.

Few spots on earth – Rio de Janeiro is one that comes to mind – can match Chicago in offering the benefits of a large metropolitan area (including some of the world's finest hotels) in such close proximity to sand and water.

And even fewer take advantage of their geographical fortune as Chicago does.

For in addition to the natural beauty of our beaches and parks (which each year draw a multitude of swimmers, sunbathers, windsurfers, boaters and picnickers), we've added a number of events and attractions which we can safely say turn our lakefront into one of the most fascinating places on the planet.

A place where it's not unusual to see a lion or tiger amble by (thanks to the Lincoln Park Zoo).

Or a shark or eel swim past (courtesy of the Shedd Aquarium).

A place where you can catch a

glimpse of a mummy or dinosaur (The Field Museum). Or get a closeup view of Pluto or Mars (The Adler Planetarium).

Why, B.B. King has been known to play guitar along our lakefront (at the popular Blues Fest).

And Miles Davis has been known to blow his horn (at the equally popular Jazz Fest).

There's the colorful parade of brightly decorated boats at Venetian Night.

The Air Show's many spectacular aerial acts.

The drama and beauty of 300 boats competing in the famed Mackinac Race.

And, as hard as it is to believe considering everything we've told you, there are even a number of quiet areas along our lakefront where you can spend a romantic moment watching the sun go down.

Or for that matter, come up.

For more information on the splendors of our coast, simply fax us in Brussels at 32-2-5125809.

As you might imagine, we're restlessly awaiting your response.

Chicago.
The American Renaissance.

WEEKEND FT REPORT/CHICAGO TOURISM

Sporting heroes still pitching for glory

SAY THIS for Chicago sports enthusiasts: they support their teams, win or lose.

In the last 30 years, they have not had much choice. Only one major team, the 1985 Chicago Bears American football club, have won a national championship in that time. Despite the less-than stellar record, thousands of fans are apt to be watching athletes on turf, ice or hardwood on any given day in Chicago, a fact that has earned the city a reputation as one of the best sports towns in the nation.

Chicago's most successful franchise in recent years, the Bears, fill Soldier Field stadium for every game. But the Chicago Cubs baseball team, which has not won the World Series baseball championship since 1906, still regularly fills Wrigley Field, even though the Cubs play almost all home games during a working day.

The Cubs are popular in part because of the unique atmosphere of the 75-year-old Wrigley Field. Named after the Chicago Cubs' former owner, William Wrigley, the park until 1988 was the only professional stadium that did not have light stanchions. Despite the advent of night baseball, Wrigley retains the charm of vine-covered outfield walls and a cozy

Tickets to White Sox games

Other options off the beaten track

AS THE bell rings to initiate the start of trading on the world's largest futures exchange in Chicago, a flurry of furious gesticulations and raucous cries marks a daily ritual that sees millions of dollars change hands. The city's futures and options exchanges provide colourful attractions for the visitor, who may find it hard to believe that these seemingly chaotic markets are responsible for pricing much of the world's grain.

From the visitors' gallery on the fourth floor of the Chicago Board of Trade, the packed trading pits of the futures exchange are clearly visible. On the exchange floor, as many as 500 brokers in brightly coloured trading jackets will jostle for position in each pit, where they signify their intent to buy or sell "futures" contracts by a series of hand signals and shouts, while all price moves are recorded on digital screens flanking the exchange floor.

Chicago's dominant position as a commodity trading centre

grew out of its central location in the heartland of the US. Farmers from Southern Illinois, neighbouring Iowa, and Indiana would trek to the Windy City to sell their grain, cattle and pigs. At the turn of the century when Chicago earned its nickname "Hog Butcher to the World," the city's Union Stockyards were slaughtering more than 1m pigs a day.

The Chicago Board of Trade was set up 140 years ago as a forum for farmers to buy and sell. The exchange still trades futures and options on farm commodities such as soybeans, corn and wheat, but more important to the world financial community are its futures contracts on US Treasury bonds and stock indices. The neighbouring Chicago Board Options Exchange is a high-tech and much more restrained trading arena for options on stocks and stock indices. The Chicago Mercantile

Exchange on Wacker Drive is a smaller, diversified market for futures on foreign currencies, interest rates and stock indices as well as pork bellies and cattle.

All the exchanges provide free access to visitors, as well as providing explanatory films and commentaries on the trading procedure. The start of the trading day is a good time to

arrive, particularly at the Board of Trade during a hot summer, when the agricultural contracts always get off to a frenzied start. The Board of Trade's farm contracts open trading at 9.30am, the financials usually start one or two hours earlier.

An equally vibrant glimpse into Chicago's feisty character can be gleaned from a visit to

an afternoon meeting of the City Council in City Hall, just a few blocks north of the Board of Trade. Chicago is renowned for its combative style of politics which has thrown up a veritable gallery of rogues among its council aldermen, whose heated rhetoric can enliven even the most routine meeting. Several years ago, a black mayor, Harold Washington, faced a white council majority which tried to thwart his every initiative. The ensuing rows on the council floor were dubbed Council Wars by local commentators and regularly made the TV news.

Today, the situation is reversed and the newly elected white mayor, Richard Daley - son of Chicago's long-time mayor of the same name -

faces strong black opposition among the aldermen. If not high drama, city council meetings will at least show why Chicago's Windy City moniker is a fitting description of its politicians.

Outside its celebrated institutions, downtown Chicago warrants a stroll around in summer and the city's Tourism Council (280 5740) provides a guide to some of the outdoor sculptures that can be seen in the Loop. The Picasso sculpture, a giant steel structure on Daley Plaza, is perhaps the most famous of the Windy City's outdoor art forms. Since its erection in 1967, the unitised Picasso has been a source of controversy in the city, and initially its abstract design proved very unpopular. Many a local resident is still puzzled over what the sculpture is meant to be... a horse or a violinist?

Just as enigmatic is Joan Miro's Chicago, a concrete, steel and bronze construction on the Brunswick Building Plaza, which resembles a woman with outstretched arms. Chicago also boasts a mosaic, The Four Seasons, by Marc Chagall.

Local farmers from Illinois still drive into the centre of Chicago in the warm weather to sell their wares to the urban public. On Thursdays from May till September, a colourful farmers' market is set up on Daley Plaza, in full view of the Picasso, where farmers sell fruit and vegetables.

A walk in downtown Chicago would not be complete without a visit to the city's oldest department store, the decorous Marshall Field's, on State street.

Since Chicago is home to the world's tallest building, a good vantage point from which to view the city is from the 100th floor of the Sears Tower. The boxy Tower, with its 16,000 windows, has been a landmark in the city since 1974 and is currently up for sale by its beleaguered owner, Sears, the world's largest retailer.



Down... and out: the Chicago White Sox may not be the most successful baseball team, but they have many fans.

Chicago has long been an educational mecca. Every Sunday, in fact, we offer a public course in Physical Science.

Chicago Bears P.R. Dept.



In 1892, ninety-four years before the Chicago Bears crushed the New England Patriots in Super Bowl XX, the University of Chicago was founded.

The university with fifty-six Nobel Prize winners, more by far than anyplace else in the world.

The university under whose football field several of those same prizewinners achieved the first controlled nuclear reaction in the world.

The university with the coach for whom the field was named, the most inventive coach in the history of football, Amos Alonzo Stagg, who pioneered the T-formation that coach George Halas, the father of the Bears, would later make famous.

And the university which sends proportionately more students on to graduate and professional schools than any college or university in our country.

In fact, all 191 institutions of higher

learning in Chicago and throughout the state of Illinois—including the renowned Illinois University System—believe in the same work ethic, the same high standard of scholarship.

So that graduates will always be well prepared to face the challenges in their particular field of endeavor.

And every Sunday, on a different field, classic Soldier Field, another lesson is taught. Chicago's hardest-hitting asset, its

famous football team, conducts weekly seminars.

Seminars that over the years have been taught by such legendary professors as Sid Luckman, Bill George, Dick Butkus and Sweetness himself, Walter Payton, who ran for a record 17,358 yards, more than any man who ever played the game.

As for the legends of the future, we offer you Mike Ditka, Jim McMahon, Mike Singletary, Dan Hampton and a Refrigerator

ator named Perry, to name just a few. We proudly offer you the Chicago Bears.

You're safe as long as you remember to cheer.

For more extensive education concerning life in Chicago, or for details on our summer college courses, just fax us in Brussels at 32-2-5125809.

Chicago
The American Renaissance

MINDING YOUR OWN BUSINESS

Roy Hedson dismisses one of England's myths

A village niche

THE ENGLISH folk myth is that every village has its store presided over by a cheerful lady of gentle disposition to provide Oxford marmalade, act as rumour-control for the local gossip, deliver the newspapers, maintain stocks of little-known soap powders and, in countless ways, cater for the idiosyncrasies of the village.

Sad to say, such stores are becoming rare. The village store has been under threat for years from the out-of-town hypermarkets, the in-town shopping malls, and mobile shops. Those stores that have survived, as going concerns

have to offer something special. Phil Careless, aged 40, and his wife, Jan, took infinite pains to give their village shop with Phil's army gratuity - he joined as a boy soldier and rose to Sergeant Officer during 24 years service - would be regarded by village store standards as, that it would have attractive growth prospects.

They found what they wanted two years ago in Stammer, a village in Stammer Park, outside Brighton. As soon as Phil left the army, "it wasn't

long before he started to live over

the shop. I found him about to capitalise on the warm weather by pedalling his ice-cream tricycle round the public park. Meanwhile his helpers were setting up his hot-dogs and cold drinks tent in readiness for a horse trials event.

In the hunt for their dream store they searched every weekend while Phil's army career was drawing to a close. Every store viewed in their price bracket of up to £70,000 had an insuperable draw-back according to him. "It wasn't



Phil Careless at his village store in Stammer, near Brighton

through the park. He bought a replica vintage van secondhand for £15,000 and reckons it has more than paid him in advertising pulling power. He parked it outside the Brighton Evening Argus until - either in fascination or in desperation - it carried a story about him.

The traditional village store part of his business was relegated to two thirds of the original shop floor, while the remainder is a cheery cafe with extra space in a converted room next door.

In revenue terms the venture into leisure trade catering is exceeding any expectations he

had for the store. On the first sunny day this month he took £300. In their first year the Carelessses improved the turnover of the village store from £21,000 to £40,000. By the end of their second year (by June) they expect to be turning over £20,000 a year.

The Carelessses went into their first small business with out much capital. They sold a house and realised £34,000. Phil committed one-third of his army pension of £5,100 a year to provide a further £25,000. Barclays branch at Duncton where he was stationed, put up a further £15,000 in the form of a small business loan.

The lease of the village store cost them £33,000 for the six years remaining and they paid out another £4,000 on stock and legal bills. But almost at once they embarked upon a rolling programme of capital investment in equipment and property improvements to create a thriving business.

The success of their policy can be judged by their projected turnover for the second year's trading - £25,000 in refreshments and £12,000 in ice cream, compared with just £3,000 in newspaper delivery and traditional store trading.

■ *Stammer Stores, Brighton, BN1 9PZ. Tel: 0273-604041.*

NO LONGER should the British television industry be regarded as an arena where only the big business boys and girls can hope or afford to play.

The BBC and the independent companies are recasting

their policies to meet the Government's target which

requires that 25 per cent of their programme output should be provided by outside companies. And the sea change now being experienced throughout the industry goes well beyond that. In countless ways the big baton of television are going to rely more upon the work of independent small businesses.

Symon Bloomfield, at 32 a young man in a hurry, is still slightly surprised to find himself the holder of a contract to produce the new series of weather programmes for Independent Television News from its Wells Street, London, headquarters.

He and his wife Pieta, aged 25, set up their own design company "on a shoe-string" five years ago. They began with £5,000 for working capital. Two years ago they formed a second company called INTV to go in order to design, write, and make videos for clients.

Meanwhile, INTV decided late last year to start putting out its own regular weather slots for the first time from early 1989 instead of leaving the job to the various regional programme contractors.

The main aim a year contract was awarded to the Meteorological Office.

Everything is done at the double when television moguls decide to try something new and the weather programme was hatched in a few weeks. Yet INTV had waited 34 years before making the innovation.

The Met Office could provide skilled presenters and the weather information. Advanced graphics of weather patterns based upon satellite pictures of cloud and other "met" information could be provided by a specialist graphics company with equipment installed at Wells Street.

But the project still needed a team to design and produce good, watchable weather programmes three times a day.

On the strength of his company's record making videos, Bloomfield was invited to go into partnership with the Meteorological Office to produce the

next news bulletin.

Bloomfield employs six production assistants on a shift system. They all do other work for INTV as well.

INTV is now 76 per cent owned by the Bloomfields with the remaining shares held by the staff producers. The INTV contract has fired everyone on the staff with a tangible enthusiasm to expand with other television projects.

It is a young person's business. "They call me the old man," says Bloomfield. Most of his people are well under 30 years of age and earning in the £25,000 to £30,000 range.

■ *INTV Ltd, National House, 118a Askew Road, London W12 9BL. Tel: 743-1474.*

R.H.

A sea change in ITN's weather

programmes, his share being a £200,000 a year contract. "Essentially we were being asked to provide television production talent and management direction for the project," says Bloomfield.

From a crowded office at the top of the INTV building, the weather programme is compiled and then recorded about an hour before transmission. The separate nature of the weather team's contribution is emphasised by the way the material is handled. After Bloomfield's producer is satisfied that one of the several recordings made is up to broadcast standard, the tape is taken down to the INTV control room and passed to the compilers of



Symon Bloomfield, managing director of INTV

The next news bulletin.

Bloomfield employs six production assistants on a shift system. They all do other work for INTV as well.

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R.H.

The growth pains of ambition

A GOOD motto for small businesses might be "Nothing upsets like success".

What do you do with a profitable five-year-old design consultancy owned by a couple in their early thirties, and turning over £360,000 this year which has a Blue Chip list of clients from Marks and Spencer onwards, which has a good order book, and which is using every inch of space with a staff of ten packed into its present cramped offices in Harrow-on-the-Hill?

The answer might well be "Don't change anything, and keep making money". But that approach does not satisfy the husband-and-wife designer team of Judi and Brian Green who have built up their business, calling it "The Green House, and have, in the meantime, achieved a reputa-

tion for the quality of their work in packaging design.

They feel that they are now at an important cross-roads in the development of their two careers and their family-owned enterprise.

Basically they see their problem as how to manage a radical expansion of "The Green House" to perhaps ten times its present level of business over the next five years while still retaining personal control of a design-led business. The work keeps coming in, they say. The demand for good design is a fact. And they feel a need to expand to be able to offer clients the service they require.

"The Greens" have been working out the "pros" and "cons" of a bigger business-on-paper. In doing so they have come up with a list of arguments against expansion which some

might see as formidable. They could suffer cashflow problems. They might cause loyal customers to become disenchanted through not offering the usual service.

They could lose the clear business identity they have built up.

They might find themselves becoming expensive. They might lose their feel for small business and their distinct style.

They might become impersonal from becoming too big.

"We are very concerned that we remain 'street-wise' in the packaging design business," says Judi Green.

On the other hand, to be a good design company they must be able to attract good senior designers. And such people like high salaries and

stylish offices to work in. To provide these conditions they must find better, much bigger premises. They will also need professional senior management to handle growing responsibilities for finance, administration and marketing.

Having met the Greens and come to understand the drive they possess, I would be surprised if they do not choose the expansion route. But not every business in their position would do the same. Such growing pains are being shared by many thousands of small firms.

The Green House, Design Consultants, 23-25 West Street, Harrow-on-the-Hill, Middlesex HA1 8ED. Tel: 01-422-6178

R.H.



Judi and Brian Green at their design consultancy

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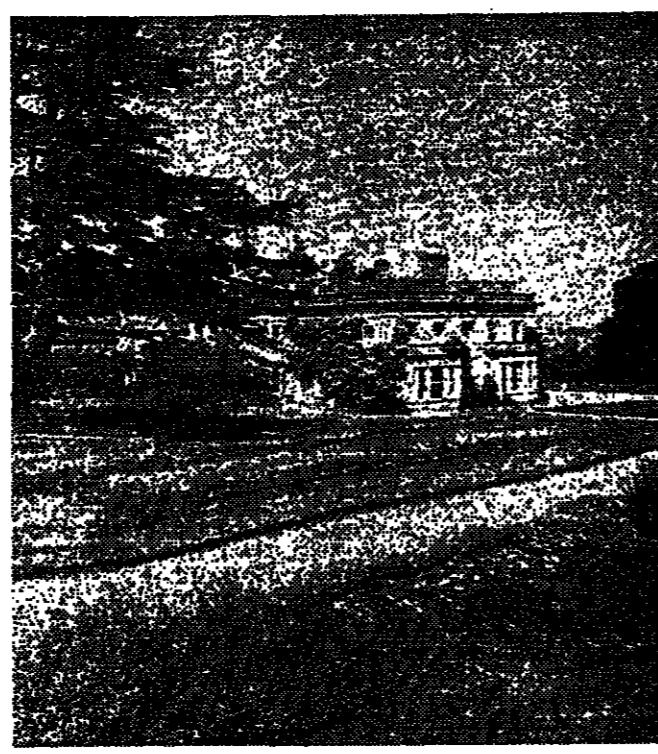
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PROPERTY

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Compton Manor estate in Hampshire

AN EXAMPLE of the rise in value of sporting estates is Compton Manor, in Hampshire, which came on the market recently at £15m. It was bought by the late Sir Thomas Sopwith in 1945 for £130,000.

This all-round sporting estate comprises 2,175 acres, a Georgian mansion, four farmhouses, a lodge and 24 cottages. In fact when Sir Thomas - pioneer aviator, yachtsman, industrialist and sportsman - bought the estate it had nearly 700 acres more land than it has now.

The agents, Knight Frank & Rutley, and Woolley & Wallis in Roussey, say this is the highest price that has been asked for such an estate in Britain. But they were "reasonably confident" of setting a record with the sale price, because of the estate's quality pheasant shooting and fishing. The six miles of fishing on the River Test - some double and some single bank - was itself worth £2m-£3m. If the estate has to be broken up the fishing will be offered as one of three sections into which the estate would be split.

The house itself, which dates from 1810, has six reception rooms and 10 principal bedrooms. The agents think it would need £500,000 to £1m spent on it.

Little is known about the early history of the house except that one of its owners was the Hennessey family of Cognac. It is thought that the estate will either go as a hotel or leisure complex, or as Sir Thomas's son, Mr Tommy Sopwith, would prefer, remain as a private house. The agents say there has already been "substantial interest" from home and overseas.

Among facilities on the estate is a helicopter pad and hangar. Sir Thomas, who was 101 when he died in January, used to travel regularly by helicopter, with his son, until well into his nineties.

Audrey Powell

IT IS no accident that D.H. Lawrence chose a gamekeeper to be Lady Chatterley's lover. The class divide that so obsessed Lawrence was nowhere in sharper contrast than in the subtle relationship between estate owner and gamekeeper.

When Lawrence wrote, social class was riven through country pursuits like the lettering in seaside rock. The "selected classes" had the time to refine a lifestyle with its own rigid rules of dress and behaviour. Gamekeepers, like the Chatterley's Mallors, served an exclusive leisure industry, guarding its rules as much as its gamebirds.

Dealers and agency bookings of fees and new sporting syndicates financed from companies' promotional budgets, timeshares, river boats and stag hunts, organised to allow a fast, staged shot for an overseas business contact between international flights, might seem to have sliced through those Edwardian class barriers.

After all, what does social class have to do with a part of the leisure industry now that we're all, theoretically, part of the leisure generation?

On the face of it, nothing. Anyone with the money can buy a sporting estate or, more economically, book a stretch of salmon water. But for all that, social status still acts as a powerful motor in a market where no commercial reasoning can fully justify the purchase of an expensive agriculturally barren land, or the rights to a stretch of salmon water.

A glance through the luxury goods advertised in the thickest and glossiest magazines helps to explain the premium value accorded to country properties with a twist of sporting rights: an English country

estate is an advertising agency favourite as backdrop to the directors' car, a brace of pheasants, provides an evocative photographic foil for botanically meagre by comparison.

As for sporting rental costs, Simon Cadzow, of Findlayson Hughes in Edinburgh, reports: "If you took a reasonable week for a stalk with a five-star limit in the week you could be talking about £1,600 a gun, which is not that expensive, especially compared to some of the fishing costs."

Not that casting into every stretch of clear water costs a fortune: "Everyone does want to fish the most famous rivers, the Dee, the Tay, the Tweed, and a good beat in the season for four rods could cost around £3,500 a week, nearly £100 a rod before VAT and without any accommodation."

Move off the fashionable waters and, as he says: "It is perfectly possible to find nice fly water for £250 a rod, and we do have fishing tenancies for £100 a rod."

The price range is equally catholic for those keen to shoot game birds. The £39-a-brace achieved for one recent shoot by the agency is, says Cadzow, "pretty exceptional."

Finlayson Hughes (031-220-1500) was a pioneer of the "computerised" sporting bookings service. It maintains a year-round booking service

Social cachet of
country pursuits

for shooting, fishing and stalking tenancies. So Simon Cadzow is well placed to see who is shooting and fishing these days.

He says: "I would say that there are still a lot of the 'old school' taking part. There are a fair number of new people, mainly from London or the south east of England who regularly take a lodge and look for good quality fishing and shooting."

Cadzow says the overseas market makes up a lot of the stalking business. "More French are coming, and Belgians and Germans. Many of the continentals are trophy hunters, and Scotland's an alternative for many of them to eastern Europe."

The high cost of English sporting estates, and their sharp increase in value in Scotland in the past 12 months, raises the possibility of a reverse trade with the continent.

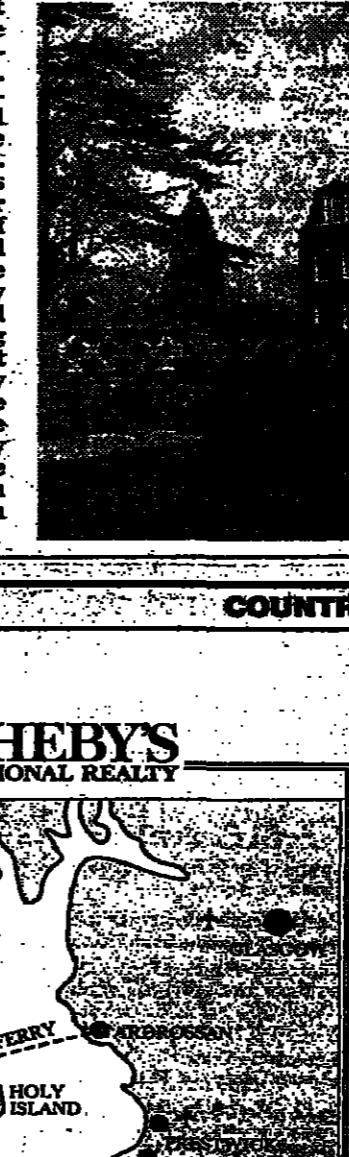
The London office of French property agents Andre Lanauvre (01-499-0837) has, for example, a full 17th century manor house in 163 hectares of woodland estate, 1/4 hours off the A71 from Paris to the north west of Sologne, for Fr 9m (£240,000). That is perhaps a fifth of the cost of an equivalent estate within an 11-hour car journey from London. Mallors' successor may have to learn French.

John Brennan ponders class distinctions and the leisure industry

try pursuits still spell class.

Buying a touch of class helps to underpin interest in this end of the outdoor leisure market, where the rising price of angling and shooting rights parallels a strong revival in demand for sporting properties of all kinds. Driving rain and the occasional gale did not deter 92,000 people from visiting last year's Game Fair at Floors Castle in Roxburghshire. The weather-defying attendance marked the end of a season that saw records broken for sporting rentals and sale prices from Exmoor to Caithness.

Still, as Alan Fletcher, of Bell Ingram Sporting, in Perth notes, today's revival pales by

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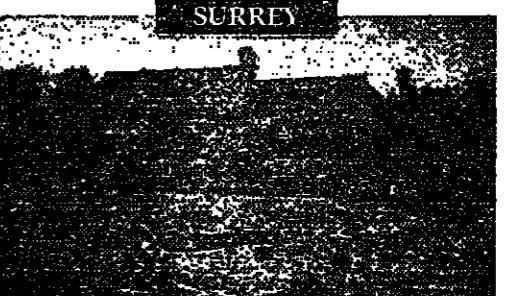
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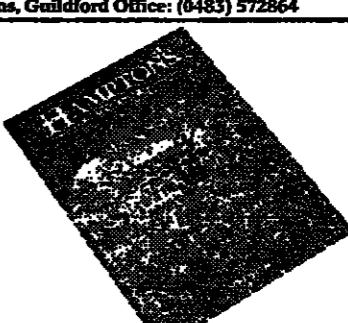
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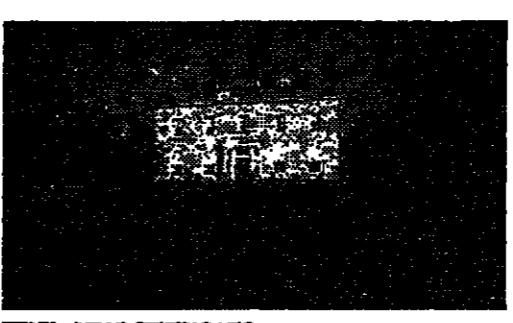
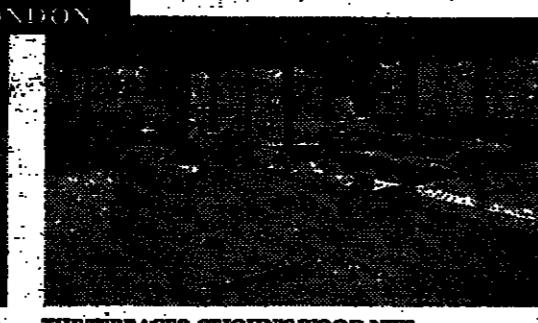
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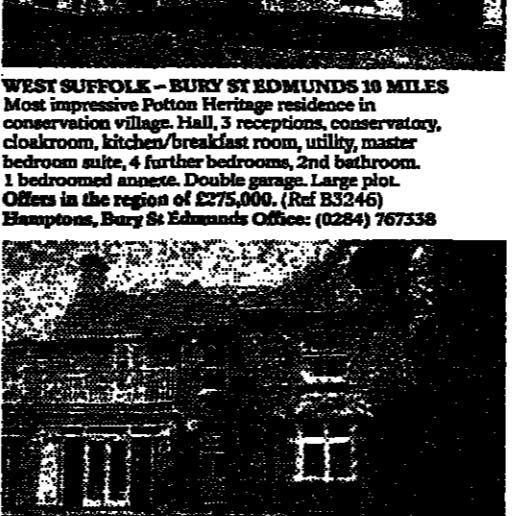
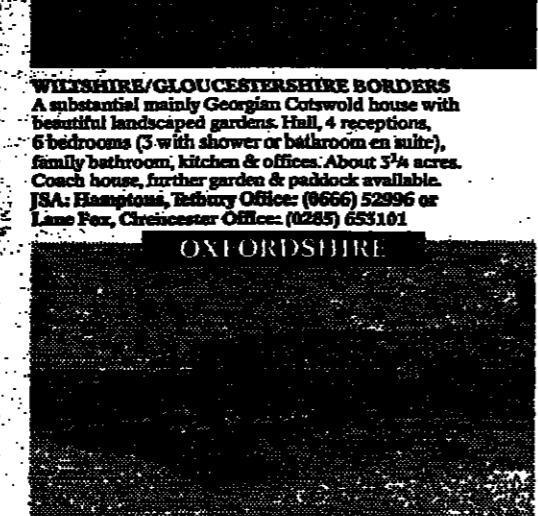
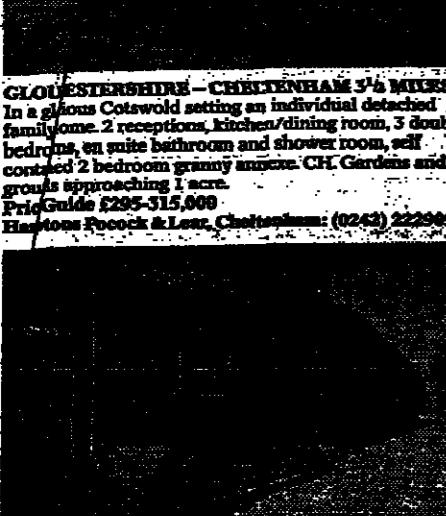
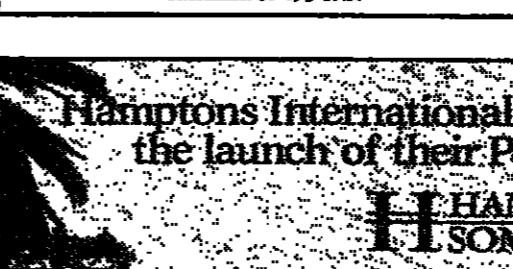
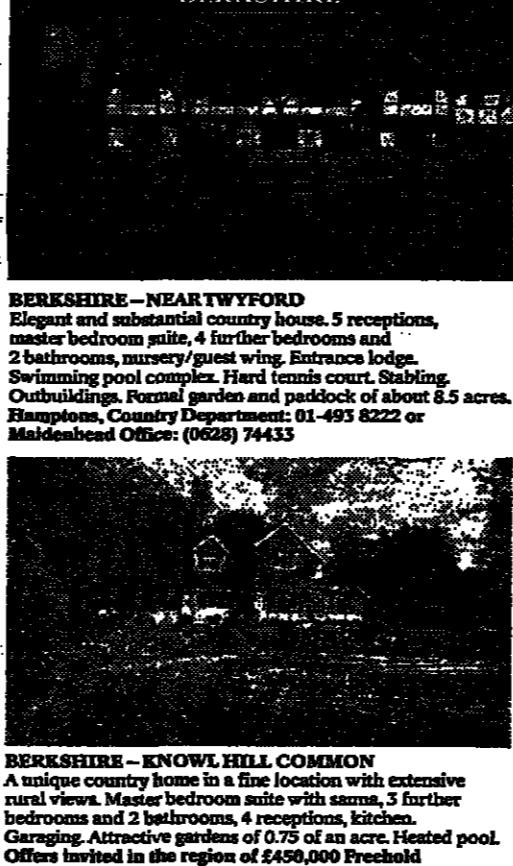
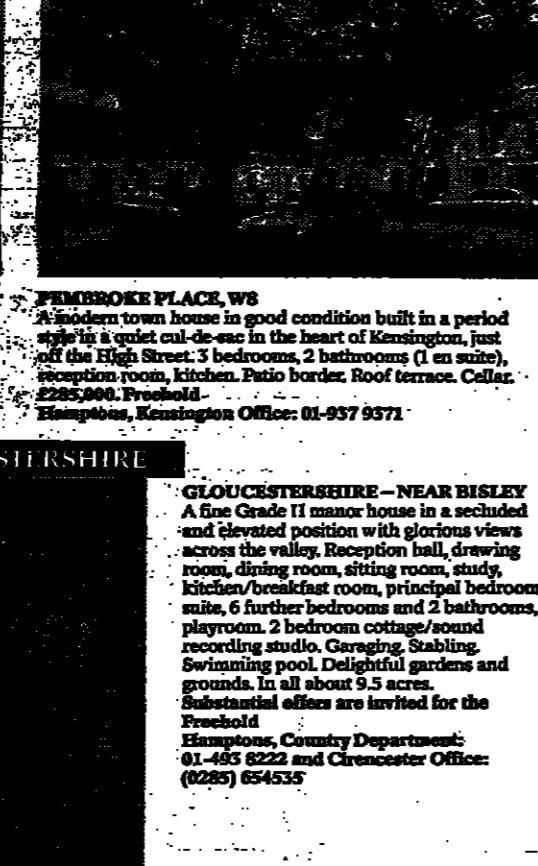
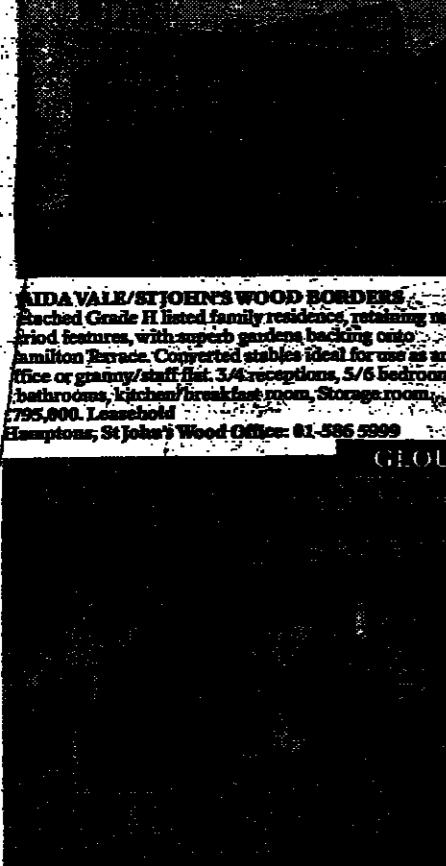
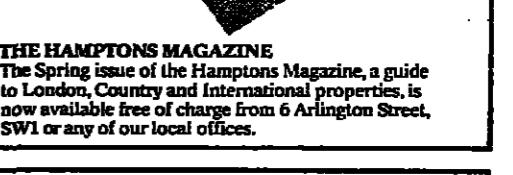


MAIDEN W1
Delightful 1st floor, refurbished and interior designed to the highest standard. Entrance hall, reception/dining room, kitchen/breakfast room, 2 bedrooms (1 en suite), cloakroom, bathroom, GCH, L180. Centralized. Video entries. Phone: 071-577008. Lease: 54 years
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A luxury apartment on the 1st floor of a prestigious modern block, offered in excellent condition. Double height entrance hall, 2 receptions, 3 bedrooms, 2 bathrooms, guest cloakroom, terrace. Porters' lift. Underground parking.
£295,000. Freehold
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HERTFORDSHIRE — NR CUFFLEY
A most attractive country style detached house set in the most glorious wooded grounds extending to some 7½ acres. 3 reception rooms, 5 bedrooms, staff flat. Offers in the region of £795,000
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KENT — NEAR SEVENOAKS
An elegant 16th century house in a commanding position. 5 receptions, master bedroom suite with dressing room, 6 further bedrooms and 2 further bathrooms. Gardens and grounds of about 9 acres.
Freehold for Sale
JSA: Hamptons, Sevenoaks Office: (0732) 460222 and Knight Frank & Rutley, Tunbridge Wells: (0892) 515035



OXFORDSHIRE — CHIPPING NORTON 5½ MILES
A glorious Cotswold setting an individual detached family home. 2 receptions, kitchen/dining room, 3 double bedrooms, en suite bathroom and shower room, self contained 2 bedroom granny annexe. GCH. Gardens and grounds approaching 1 acre.
Price Guide: £295-315,000
Estates, Foss & Lewis, Chipping Norton: (0845) 653101

OXFORDSHIRE — CHALGROVE
Delightful development of attractive farm barns skilfully converted to an exceptional standard and specification. 4-6 bedrooms, en suite bathroom, reception area, outside studio with terrace potential, double garage. Gardens to 1 acre, plus paddocks by negotiation.
Great Barn: £495,000. College Barn: £300,000
Hamptons Giddy & Giddy, Paignton: (0757) 461178

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An elegant and immaculately maintained detached turn of the century house in sought after location. Entrance hall, drawing room, dining room, kitchen, cloakroom, 5 bedrooms, large bathroom, study. Garage. Attractive 1½ acre garden.
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Hamptons International are pleased to announce the launch of their Portuguese subsidiary.

**HAMPTONS
ISOMI**

Based in the Alentejo building in Lisbon, Hamptons ISOMI will provide a high standard estate agency service to Lisbon and the surrounding areas and will be servicing Hamptons International's existing portfolio on the Algarve and the Costa da Prata.

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Price on Application

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SAVILLS



ROXBURGHSHIRE - On the banks of the Tweed 380 ACRES

Kelso 2 miles.
An exceptional Border estate with a beautiful Georgian house. Wooden house: 3 reception rooms, 7 bedrooms, 3 dressing rooms and 3 bathrooms. 5 cottages and traditional stone built stables. 350 acres class 2 arable land with irrigation system. Excellent range of farm buildings. Pheasant and duck shooting. Trout fishing. Savills, Edinburgh. Tel: 031-226 6961.



SURREY - Thursley

Guilford & Farnham 9 miles.
Listed Regency house in pretty conservation village, once the home of Sir Edwin Lutyens. 4 reception rooms, kitchen, cellar, 6 bedrooms, dressing room, 3 bathrooms. Currently arranged with self-contained annexe. Garage, barn with possible staff ancillary use subject to consent. Superb gardens with views and paddock. About 2 acres.

Savills, London. Tel: 01-499 8644. Savills, Guilford. Tel: (0483) 576551. Contact: Tommy de Mallet Morgan.



HAMPSHIRE - Stockbridge

Winchester (Waterloo 55 miles) & M3 10 miles. Stockbridge 10 miles. London 60 miles.
Magnificent mansion, one of the finest designed by Sir Edwin Lutyens, comprising a large residence overlooking The Test Valley. Suitable for residential or institutional use.
Outstanding mansion with superb gardens designed by Gertrude Jekyll. Superb range of reception rooms, 13 principal bedrooms, 5 additional bedrooms, 4 cottages and additional accommodation. Over 500 acres of grounds. Beautifully appointed small country house with secluded grounds may be available in addition.
About 47 acres.
Savills, Wimborne. Tel: (0202) 887331. Savills, Salisbury. Tel: (0722) 20422. Savills, London. Tel: 01-499 8644.



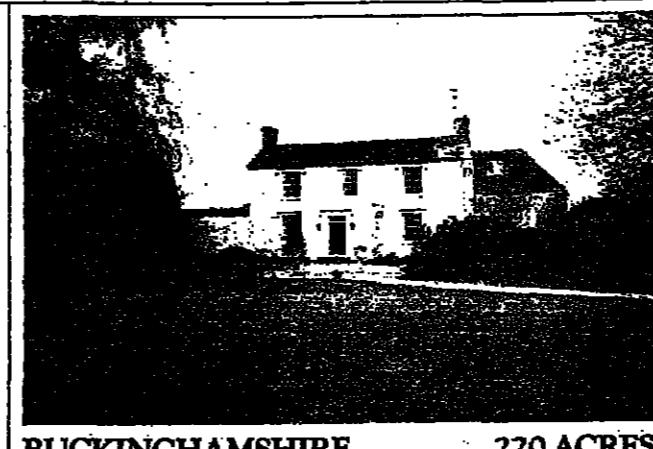
OXFORDSHIRE - Shilton

Burford 3 miles, Witney 8 miles, Oxford 15 miles.
Fine period manor house overlooking its own gardens and grounds with outstanding views across the Shill Brook Valley.
5 reception rooms, kitchen, cloakroom, domestic offices, 6 bedrooms, 3 bathrooms. Heated swimming pool. Garages. Gardens. Paddocks. About 5½ acres.
Offers around £650,000.
Savills, Banbury. Tel: (0295) 3535.



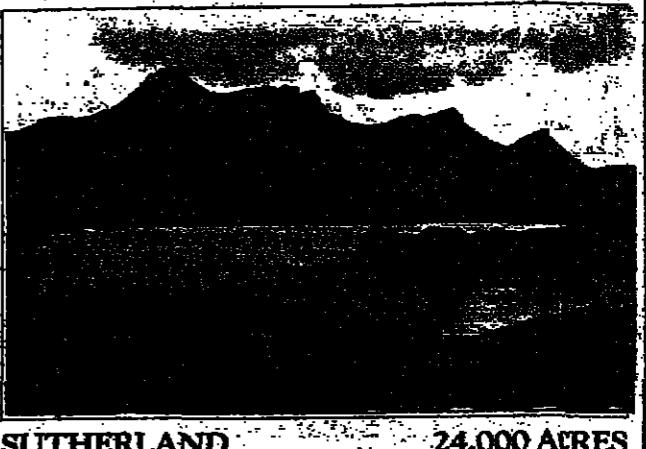
NORFOLK - Swafield

Norwich 18 miles, North Walsham 2 miles, Cromer 7 miles, Aylsham 7 miles. London (Liverpool St Station) 1 hour 40 minutes.
Most elegant Grade II listed Georgian country house with exceptional views over the surrounding countryside.
Drawing room, sitting room, dining room, breakfast room, cellar. Office. 8 bedrooms, 3 bathrooms.
Extensive outbuildings, stable, garaging, traditional Norfolk farm buildings including 2 barns with planning potential. Vineyard, hand tennis court. Gardens and grounds in all about 10 acres.
Region of £400,000.
Savills, Norwich. Tel: (0603) 612211. Contact: Louis de Soissons.



BUCKINGHAMSHIRE - Near Aylesbury

Aylesbury 5 miles. Central London (via M4) 60 miles.
Attractive residential farm in unspoilt countryside less than an hour from Central London.
Period farmhouse with 4 reception rooms, 7 bedrooms. Excellent farm cottage.
Productive mixed farm with good buildings.
Range of traditional barns with considerable potential for conversion.
For sale as a whole by private treaty.
Joint Agents: Savills, Henley. Tel: (0491) 579990.
Savills, Banbury. Tel: (0295) 3535. Savills, Grosvenor Hill. Tel: 01-499 8644. Contact: Justin Mair or Katie Annage.



SUTHERLAND - Near the North Coast

Tongue 8 miles, Inverness Airport 75 miles.
Ben Loyal estate - A spectacular sporting estate with superb stables, shooting, magnificient mountain scenery including Ben Loyal (2,504 feet).
Loch Loyal Lodge, 2 farmhouses and 4 cottages.
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Offers over £600,000.
Savills, Edinburgh. Tel: 031-226 6961.

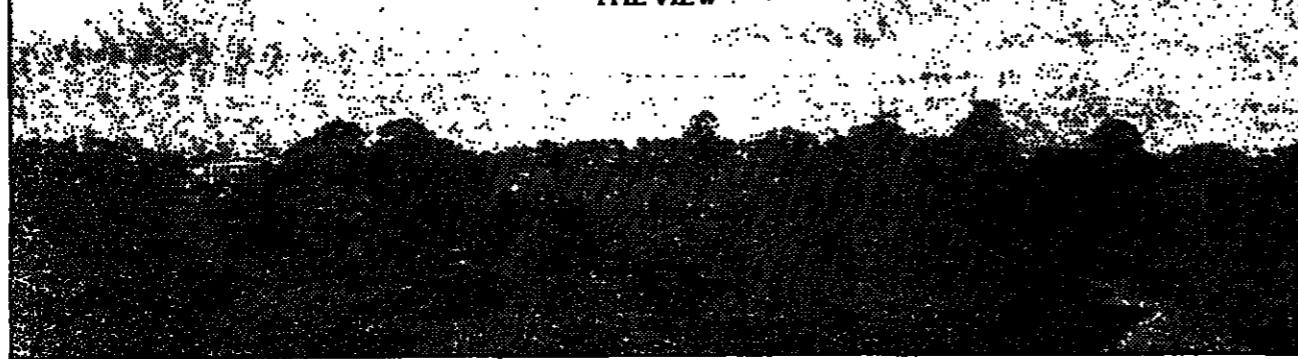
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LONDON PROPERTY

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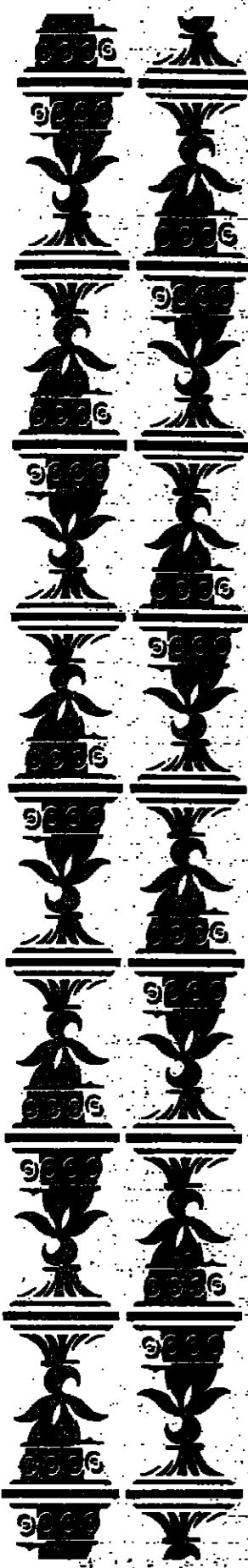
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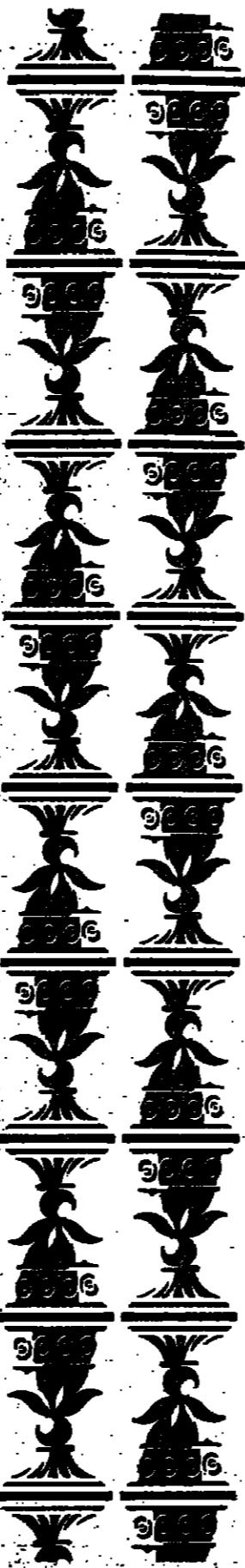
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Limited edition of six Victorian style homes in a private mews.

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£205,000Prices from: £205,000
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Properties illustrated may not always be available.

RAVENSCOURT Mews
WESTERN GARDENS, HAMMERSMITHPrices correct at time of publication.
Please check availability and price with the agent.

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The Barbican offers a range of quality living accommodation from studios to penthouses - right in the heart of the City. Set in an exclusive, peaceful and secure complex, surrounded by beautifully landscaped gardens, the Barbican also offers a wealth of cultural, leisure and dining-out facilities.

It's an altogether more relaxing living experience at the Barbican. For an appointment to view, please call the Barbican Estate Office on 01-588 8110 or 01-628 4372.

BARBICAN



South Kensington SW7

Roland Way. An exclusive new development of mainly freehold town houses in one of London's most prestigious locations. These superb residences have been carefully integrated into surrounding mews properties. Classical elegance is combined with the convenience and practical advantages of a newly built house. It is evident throughout that high standards of construction have been employed by two of the country's foremost housebuilders.

Depending on property type, of which there are eight, these residences offer a combination of three or four bedrooms, en-suite shower or bathroom, family bathroom, drawing room and fully fitted Miele or Siemens kitchen. In addition, certain properties include dining room,

The Harley



The Gilson

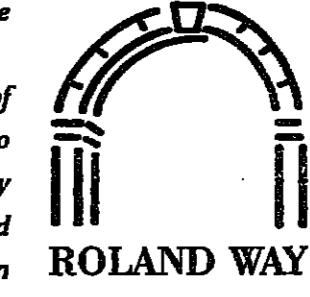


Exclusive family town houses with private garaging from £450,000-£810,000

study, shower room and laundry room, but not all within the same house type. All have either an integral garage or secure underground garage or parking.

These are just some of the attractions of Roland Way. Our showhouse is open Monday to Friday 12pm to 7pm and Saturday and Sunday 12pm to 5pm (tel: 01-370 4341). An illustrated brochure is available from Lovell Homes London on (0895) 622100.

Lovell Homes



A development by Lovell Homes and Balfour Beatty Homes

Please contact or view by appointment. The illustrations are representative of house types at Roland Way.

GOING FOR A SONG
BERKELEY SQUARE

2000+ Sq.Ft. (4 beds/3 recs) of pure glamour, view south over entire sq. Use as house, letting proposition (£2000 p.w. regularly achieved) or business establishment (superbly located) ideal for high profile "Social" business. Contains gymnasium. Leasehold. Rent: £12,000 p.a. (rewards) offers in excess of £250,000
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WESTERN GARDENS
EALING LONDON W5

"In Search of Excellence"

West Court is an exclusive development in a quiet tree lined and private setting. Western Gardens is off Creffield Road, only 5 minutes from Ealing Common Underground Station and The Common.
12 LUXURY SEMI-DETACHED HOMES INSPIRED BY VICTORIAN ARCHITECTURE AND SUPERBLY FINISHED THROUGHOUT. SPACIOUS AND MODERN LAYOUT.
BEAUTIFUL FIRST FLOOR DRAWING ROOM WITH WEST FACING BALCONY OVERLOOKING EALING LAWN TENNIS CLUB COURTS.
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A magnificent three bedroom "New York" style penthouse, which has been architect designed with skill and imagination. With its wooden beams, full height ceilings and galleried upper floor, viewing is essential. £550,000.

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A lovely spacious two bedroom apartment with a terrace situated within an attractive and quiet new development. Gas CH and CHW, security alarm. Ample storage. £230,000.

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A light and attractive two bedroom split level apartment with lots of character. 20ft reception. Double glazing. £225,000

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A light and spacious upper mews house arranged over the top two floors of a substantial period house with panoramic views toward Central London. 3 rooms, kitchen, bathroom, 2nd floor. Sole Agent

£110,000

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Newly decorated, fitted carpets, own

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A stuccoed and turreted Georgian residence, circa 1812, Listed Grade II, commanding 100' frontage and featuring glorious South facing landscaped gardens and double garage. Planned mainly on 2 floors with scope for further enlargement if required. 5 spacious South facing elegant reception rooms, 5 double bedrooms, 3 bathrooms, huge kitchen/breakfast room. An outstanding and important Hampstead period house. Immediate viewing advised. Offers in excess of £1,000,000 for the Freehold.

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First floor purpose built Edwardian Mews house with private garden.

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Quick Sale Required
£120,000

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LONDON PROPERTY

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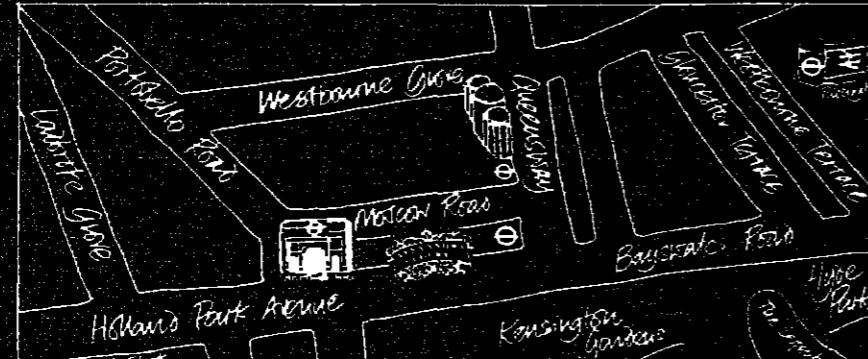
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FOR SALE

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5 bedrooms, 3 bathrooms (2 ensuite), 1 dressing room, 4 reception rooms, kitchen, cloakroom, plus staff accommodation of 3 rooms and bathroom. Courtyard garden.

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Comprising 3 bedrooms, 2 bathrooms (1 ensuite), 1 dressing room, large reception, kitchen. Plus Chauffeur's quarters. Plus garage.

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Great potential, creative owner required
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own business. Valued recently £300,000.
Offer £220,000 to best offer over £250,000.
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Offer £250,000 to best offer over £250,000.**

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PRUDENTIAL

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£225,000 LH 49 yrs.

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**CHARLES GARDENS SW7 superb 2 bed flat on 4th fl of period building. Excellent condition
and roof terrace directly off living area and roof top garden with views over London. Double
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Wide, low-built house with the benefit of a double garage
and further off street parking.

Drawing room, dining room, entrance hall, 5 bedrooms,
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Region of £410,000

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£235,000 for quick sale.

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laid out garden, impressive hall,
large lounge, dining area, quality
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en-suite. Double garage. Very
Motorway access 1½ miles, city
centre 2 miles.

Offers over £100,000
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4 bed detached house, large
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separate w.c., fitted kitchen,
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leading to private garden, double garage,
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GARDENING

Go to Oxford if you want to see a pocket handkerchief

IT IS an excellent season for pocket handkerchiefs. In Oxford, they are fluttering by the dozen just beside the walkway, where my academic colleagues park their cars, and just above the lawn, where our younger colleagues park their bodies for the elusive art of combining study with sunbathing. Well above eye level, they look down on sights which would make a tidy gardener weep.

They are white handkerchiefs, but they are not a signal that Oxford is about to surrender to its enemies in power. They are bracts, not bandanas: they are one of the finest sights in nature, the flowers on the pocket Handkerchief Tree or Davidia, whose home lies in a remote Chinese province.

Davidias are too seldom planted because gardeners mistrust them. They do not need a lime-free soil nor do they need a frost-free site. They like a deep-root run, preferably in earth which is cool and not too dry in summer. Our Oxford tree competes with the lawn which grows right round its trunk. Perhaps it has run its roots under the causeway for the college cars, but it is certainly not in a special corner or treated with undue attention.

To be honest, I do not think we have attended to it at all in the past ten years. Within that time, Davidias will usually start to flower. Thereafter, they have good years and bad years: 1987 was marvellous and 1988 was rather poor. I think I have noticed that they flower better in the years when the FT Index begins by going up in May.

After ten years, the trees show their ghostly white flower-bracts, which hang like

folded handkerchiefs from the fresh green leaves. After 15 years they begin to taper up to 20 feet high and prepare, with age, to go as high again. Davidias are not overpowering and their general effect resembles the fresh green of a young lime tree which never drips with age. The seeds germinate quite easily: in 1970 I sowed Davidias, one of which is making slow progress in its original home.

Nurserymen tend to list only one variety, Davidia involucrata, but there is a neat little problem of origins which I would like to raise. We owe our trees to adventure missionaries who were sent to China to win souls but diverted to win seeds instead. The location of the wild Davidia was one more triumph for that genius among botanising clerics, Armand David who found it in 1869.

When I see it waving its handkerchiefs, I set the image of a neat and civilised Frenchman beside it, the son of a doctor in a little town near Biarritz. In the early 1860s David was sent by his Catholic Order to help to found a school for 100 pupils in Peking, city of his dreams. His duties were to teach natural history and when he turned out to be a collector, as well as an imparter, his broad-minded superiors gave him a free run.

David did not only endow our gardens with the Davidia

He discovered the types of Buddleia Davidii which have become the mainstay of us all in autumn: he even came up with the white-flowered Clematis Armandii, named after his own nom. I doubt if any other missionary has ever done us all more good.

Throughout his journeys David encountered God in his divine creation, but was not above keeping the donkeys in his expeditionary tent overnight. I doubt if any plant has ever been discovered after a longer diet of repulsive food. Behind the Davidia stretch months of endurance on a budget of pasty beans and water and some fearful nights among lumps of fresh animal manure. David's own Davidia is not

the most frequent variety in our modern gardens. Accurate nurserymen would do better to sell you the Vilmoriniana which is harder and is not so hairy on the underside of its fresh green leaf. The botany of these two forms is extremely complex, but it now seems to be accepted that the harder of the two can have two types of leaf, a yellowish green one on its inner branches and a darker green on its outer edges. The interesting fact is that both were discovered by French monks working in western China. The harder form was found in the late 1890s by another great plant hunting missionary, Porges, who alerted future collectors to its value for gardeners. On close

inspection, I think we have the earlier involucrata form in Oxford, but the harder would be a better choice.

Nobody knows why it flowers in some years, not in others. I suggest that a cool wet summer in the previous year suits it best. Knowing how little we have done for it, I cannot help feeling that patient gardeners among you should reckon on 10 to 15 years and plant it as a specimen tree in a cool place in a garden of no particular size.

In its own way, it is a monument to a basic principle of thinking life. Like David you may set out on one course but it may lead in quite another direction of lasting interest. David set off to win new little



Christians and ended by bringing rather different seedlings into a different fold. It seems very apt, then, that his tree has taken so happily to neglect and the academic life.

Robin Lane Fox

Guard against mid-May frosts

IT IS easy to forget that in mid-May there can be frosts sufficiently sharp and prolonged to kill most plants with a tropical or subtropical origin. That includes such very diverse things as tomatoes, cucumbers, vegetable marrow, capsicums and aubergines and also dahlias, begonias, scarlet salvias and impatiens.

Zonal and ivy-leaved pelargoniums (still geraniums to most gardeners) are just a little harder and the mid-May frosts, if they occur, may not kill them but will certainly damage their leaves and flowers and check their growth, for which reason it is wise to delay planting them out until at least the last week of the month - unless local knowledge suggests strongly that this caution is unnecessary.

It is surprising what proximity to the sea can do for a garden in May when frosts though severe, are unlikely to continue for more than a few hours. In the same way the proximity of houses can have a considerable effect and for the same reason. Sea and houses do not change temperature rapidly and they can restrain to some extent the chilling of the air close at hand provided the weather conditions that cause it do not continue for too long.

Just a little protection will prevent damage and it should be quite safe to plant tomatoes, cucumbers and melons in unheated but well-glazed greenhouses and conservatories.

Unheated plants have already been raised at home or are available from friends it is unlikely the choice will be great. Most garden centres stick with the old and well-tried varieties which for tomatoes will be Money-maker, Alisa

so inclined. Pots give the greatest control but growing bags are convenient and can be laid on any flat surface.

With the flaps turned back around the stems, loss of moisture is reduced to a minimum and so watering is far less frequent than with plants in pots. But I have to admit that I have found it a little difficult to determine just how moist is the compost in a plastic bag and have erred both in getting it too wet and allowing it to become too dry.

That kind of mistake with tomatoes can produce many fruits with shrivelled black patches at the eye of the fruit, the part opposite to the stalk where originally the flower was attached. For this reason the disfiguring disease is called blossom end rot and since it does not usually show up until several weeks after the soil dries that caused it, the association between the two is often overlooked.

For my part, because I am away from home a lot, though usually only for a few days at a time, I have reverted to the traditional method of growing tomatoes directly in a bed of soil on the floor of the greenhouse. This provides such good drainage that serious waterlogging is unlikely, yet the depth of soil ensures that, if well watered before I go away,

plants are unlikely to suffer from drought before I return. It does not give me such close control over feeding as would pots, growing bags or rings but I am content with the results.

Returning to the question of what can be planted outdoors with reasonable safety before the mid-May frost danger period is over, one can say all the cabbage family, which includes broccoli, cauliflower and Brussels sprouts. Also all the onion family, which includes leeks, most of the pea family, but not runner beans which are quite tender, and celery if it has been well acclimatised. I would also leave the planting of sweetcorn until later in the month.

On the flower side, all pansies and violas can be planted now and so can penstemons and antirrhinums but with the same proviso about proper acclimatisation if they have been reared in a warm place. Personally I would risk marigolds, the bushy daisies which we used to call Chrysanthemum frutescens but must now learn to call Argyranthemum frutescens, and the small-flowered, near-hardy Calceolaria integrifolia which, after a long period of neglect, is coming back into favour. These are excellent long-flowering plants and it is good to see them being used again.

IN MY first hand today, which occurred at rubber bridge, the declarer lost his contract because he pinned his faith on line. The second hand, which comes from top level duplicate pairs, requires greater techniques:

North
N
Q 9 7 3
K 10
S 7 4 2
W
J 9 5 3
Q 8 7 5 4
J 6 5
E
K 8 7 6 2
Q 10 4
A 6
S 7 6 2
Q 10 9
S
A 10 4
K 10 8
J 3 2
A K 9 3
S
A K J 5
K J 4
K J 7 6

With North-South vulnerable South dealt and began the bidding with one no trump. North opened with a Stayman two club. South rebid two hearts and North's four hearts concluded the auction. West led the spade king. East encouraged with the eight, took the next spade with his ace, and switched to the four of hearts. South won with his ace, crossed to the ace of clubs and returned the 10 of hearts. This lost to the queen and West led back his remaining heart. Taking in hand, declarer ran off the four club winners, but the defenders gave nothing away. West letting go two hearts and East one. Then South led the four of diamonds, guessed wrong, finessed the nine and East's queen was the setting trick. Not an inspired dummy play.

At trick five the declarer should lead a low heart from the table and when the six appears on his right, play his king. The queen does not drop, but as the trumps break 3-2, the contract is secure. South runs off four rounds of clubs and West discards - there is no advantage to be gained by ruffing. Now a trump is played. As declarer and dummy both have tenace positions in diamonds, South does not mind which defender wins. In actual play West wins and the forced return of a diamond "inds" the queen for South. My reader, I am sure, saw the winning

E.P.C.Cotter

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TRAVEL

Merrie England

Power to the pedals

Roger Beard discovers the joy and pain of biking

YOU CAN tell how seriously an Englishman takes his leisure, by how badly he dresses. On a scale of ten there is little to beat the urban cyclist on set with his tight Max Wall pants and dinky luminous doublets.

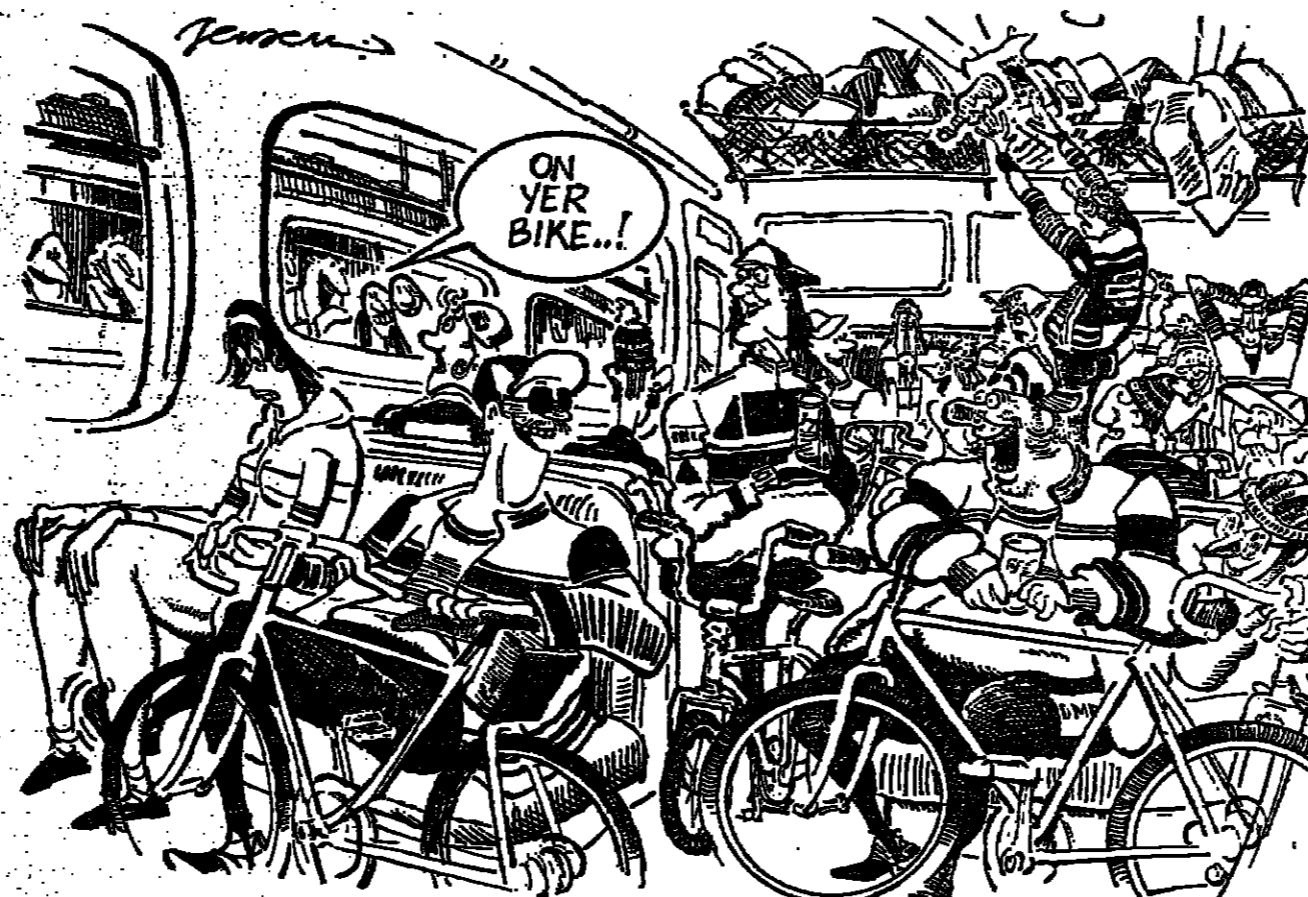
That was proved on the last day of summer, when 345 devout cyclists and two Hubie Heevens loaded their machines on the 9 am London Bridge Ever Ready Cycle Belle to Bridge, Kent, for the Last Ride of the Season - a reminder of the heady days of June, when more than 30,000 had clogged the London to Brighton road in a sponsored ride organised by that most British of institutions, Bike Events - part travel organiser, part proselytiser.

What incoming commuters made of this apparent tribute to Britain's most talented comedy actor, God, knows; for the serious cyclist not only dresses like Max Wall; after a day in the saddle he walks like him.

There were fat men in thin men's racing trousers, small wheels, very big wheels, tandems, grandmamas, yachts, ladies with crashing thighs and the Real Ale brigade. It was not a train for the Sunday Sport reader.

Apart from the fat men, the other males were gaunt, hard on a summer of endurance holidays and high fibre diets, and happy to be squashed together, seven on a five-bottomed seat. When grown men make Charlie Mottet and Bernard Hinault look like Bulgarian weightlifters, you know you are among cycling's fanatics. What they lacked in ton, they made up for in enthusiasm.

One hour later, before putting foot to pedal, the disbelievers' conversion was under way. Fanaticism, after all, has its fun side: like the great comedian, these people had their faults. If they smoked, they smoked Gold Flake, and the ten routes mapped out by Bike



Events included more pubs than the Brewers' Society has barrels.

At the small Kentish railway halt, there was promise of a high-cholesterol cake and cream tea, which turned at the day's end into a white-bread banquet. It was all very English, pretend healthy and progressive, but really middle class and reactionary. You could almost forgive that two-wheeled obsession. By the end of the day, the two disbelievers came to share a beer.

The one became of her short legs, while a Miss Peugeot pink child's bike. The other is the proud owner of a silver dream machine, weighing ounces, running on Bushmills or whatever other ingredient its owner imbues, and inherited with pride, not Sweet Afton. Well, the Irish do well enough in the real Test.

Riding in one of Bike Events' days out is never what it seems, any more than their for-eign tourists are just a test of stamina. A man would have taken the first train in the opposite direction at the sight of those bulging calves, but a morsel of insanity will get you over the first half-hour. After that, it is just plain pedalling.

The most pubbed of the offered routes was soft, down hill, heavy up, for 32 miles - like riding Cheltenham on a donkey. Team Peugeot made it by turning left after lunch and cutting 10 miles off the trip. Never has the Yellow Jersey proved more yellow.

Back at Bridge Station, it was tea time. And what a tea! Mountains of sandwiches for mountainous appetites. You can forgive a man who likes his grub almost anything, even the love of a bicycle. The unfavourable impressions of the early morning were forgotten.

The key is that nobody counts the miles or worries whether or not some Walter Mitty or five has ended up hitching a ride in a support vehicle. Peter Allerhand of Bike Events elaborates: "It is

not a race, it is a matter of enjoyment. If I, at 14 stones and with a bulging beer gut, can do it, so can anyone."

They view themselves as an all-purpose movement to spread the message of the bike, just as the Edwardians and Mrs Bloomer did with heavier models 80 years ago, and owe their origins to that latter-day cycling saint, the Welshman John Potter, who for the past decade has been whipping in the stragglers on his biking penitents on high mountain passes, or game wardens on grouse moors. You can never quite believe them.

When a cast of four can disrupt a train-load of intensely serious cyclists with some farce, or booking your hotel room for a price. Bike Events, on the other hand, builds the pain into the pleasure.

They deny it, of course, but they are not just the people who organise the annual excursions to the coast in aid of the British Heart Foundation and other, similar short jaunts. Taking up to a year or so to research the route, they will send you from John O'Groats to Lands End, from London to Skye, from Bordeaux to Barcelon.

They stress the full mechanical back-up for the bikes, and the psychological back-up for their riders. Overlight is often under canvas, food is cheap and cheerful, and - as one participant in last summer's Bordeaux-Barcelona caper put it - "when 50 or more people are on the road they are the biggest show in the region."

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They deny it, of course, but they are not just the people who organise the annual excursions to the coast in aid of the British Heart Foundation and other, similar short jaunts. Taking up to a year or so to research the route, they will send you from John O'Groats to Lands End, from London to Skye, from Bordeaux to Barcelon.

They stress the full mechanical back-up for the bikes, and the psychological back-up for their riders. Overlight is often under canvas, food is cheap and cheerful, and - as one participant in last summer's Bordeaux-Barcelona caper put it - "when 50 or more people are on the road they are the biggest show in the region."

The key is that nobody counts the miles or worries whether or not some Walter Mitty or five has ended up hitching a ride in a support vehicle. Peter Allerhand of Bike Events elaborates: "It is

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TRAVEL & MOTORING

A fugitive in Death Valley

IT MAY take an hour. It may take four days. But you always know when it is time to quit Las Vegas — particularly if you have put too many honest dollars in the ever-glowing nighttime of the casinos on the Strip; and the sky outside is burning; and you are dying of the food, and the greed of the big hotels is sucking away your bone marrow.

When I quit Las Vegas a few weeks ago, I steered my car on to I-15, the interstate highway that slices through the city, parallel to the Strip. I could have turned north, where most of the tourists go. So I swung the car south. Outside Las Vegas I turned west at the Blue Diamond cutoff and followed Highway 160 north for 60 shimmering desert miles before pulling to a halt at Pahrump, in the south east corner of Nye County, Nevada.

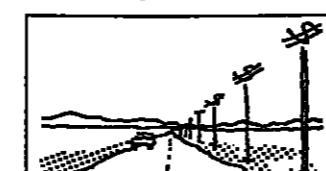
I bought a Coke, and a horrible squashed hot dog, and then drove north again — my head clearing magically, the hideous sucking sound of the great Vegas money machine diminishing and falling still as I progressed further and further north into quietness and emptiness.

There is a lot of Nevada into which to progress. It is extraordinarily large and almost all of it is barren. The heat can kill you. In the low deserts, almost nothing will grow. The rivers flow nowhere — not to the sea but into alkali sinkholes.

Rural counties, such as Nye and Esmeralda, can license

brothels, but they are illegal in neighbouring Clark and northern Washoe counties. Not that these cow country brothels are thick on the ground. You would have to look quite hard to find one. I was not exactly looking, and certainly did not find one, for I was content to

THE AGONY AND THE ECSTASY



Travels with Michael Thompson-Noel

they are only about seven miles apart.

Over the centuries this topography has created an isolation of which the inhabitants are proud. They still defend their history as foresters, unbroken since the Middle Ages, and their rights to be free miners and shepherds "badgers" who may graze their flocks in the forest itself.

Sheep being sheep, they do not stay there, and it is not unusual to find them wandering through the streets of towns like Cinderford as if they owned the place.

The area's last iron mine closed in 1946 and the last deep coal mine in 1965, and the forest has been quick to sweep in and all but wipe out the traces that were left. Nevertheless, a good background to the forest, once a royal hunting ground, now a forest park, can be obtained from the Dean Heri-

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age Centre between Upper and Lower Soudley. Based in an old iron mill, it contains a museum together with working displays and outdoor exhibits. Its Gloucester Old Spot pig, however, refused to emerge from its pig cot in spite of vehement grunting on my part.

South and west of here stretches the forest proper which, because of its past, must be an industrial archaeologist's dream. Old railways run through the trees and there are disused iron ore surface workings along with traces of old charcoal-burning hearths.

The woods themselves are a reflection of their past manage-

ment, towards the tiny mining towns in the vicinity of Tonopah, Goldfield, and the like. The 19th century mining camps, like Tonopah and Goldfield, were raw and raucous, made infamous in books and films for their gambling and whoring.

Later, when the precious metals gave out, there was nothing really left for the dreamers to do, so the gambling and whoring became the state's new industries. This is why the brothels of Nevada are sometimes world news, even on the financial pages.

Jeanie Kasindorf, a prize-winning reporter and author of that splendid tale of dirty deeds, *The Nye County Brothel Wars* (Dell, \$4.50), says that from the time that the first Legislative Assembly of the Territory of Nevada met at Carson City in 1861, the men who made Nevada's laws "have all but given their official blessing to the practice of prostitution."

When that first Assembly established "offences against public morality," it included selling the flesh of a diseased animal, selling an adulterated drink of liquor, obstructing or injuring any public road or highway, marrying someone else's spouse, and refusing to join a posse. It did not include prostitution.

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BOOKS

Walpole: Whig of wisdom

Robert Blake on a fresh view of the man who invented prime ministers

Most educated people know that Walpole was the first prime minister, that he held office continuously for 21 years - a longer period than enjoyed by any successor (so far) that he came from Norfolk - in fact the only prime minister to do so - and that he made a fortune out of politics. Most people think they know that his maxim was "Every man has his price". In fact what he said was in reference to the dissident Whig MP: "All those men have their price", a less sweeping comment and probably nearer the truth.

Walpole certainly made a great deal of money. He was descended from a very old family of West Norfolk landowners who were by no means poor. His father by shrewd finance and farming had raised the value of the Houghton estate from £750 to £2,000 a year.

When Walpole died he had acquired property worth many times that amount despite an unfortunate flutter in the South Sea Bubble, enough to purchase a magnificent assembly of

SIR ROBERT WALPOLE
by B.W. Hill

Hodder Headline £12.95, 226 pages

artistic treasures later sold by his spendthrift grandson to Catherine the Great and forming the original core of the Hermitage collection. It was also enough to build on the site of the old Hall at Houghton a Palladian mansion which is still in the possession of the Cholmondeley family who are descended from his daughter and inherited it when the male line ran out.

Walpole's birth gave a handle to his enemies who accused him of "living off the fat of the land". But this was largely sour grapes. They would have done the same in his place.

There have been two major biographies of Walpole. Archdeacon Cox (1788) and Sir John Plumb (two volumes 1956 and 1960). The latter is, as one would expect, a work of high readability and impeccable scholarship, but the second volume ends in 1734 eight years before Walpole's fall and 11 before his death. For various reasons Sir John has decided not to finish.

Dr B.W. Hill, of the University of East Anglia, has produced an admirably clear and concise 234-page biography



In this 18th century engraving, Walpole (left) chats to Arthur Onslow, Speaker of the House

which fills an important gap. Inevitably he draws heavily on Cox and Plumb but he has also re-examined the original documents in the light of new historical perceptions of the early 18th century. The result is a book unlikely to be superseded for many years to come.

As Dr Hill shows, "prime minister" had different connotations 250 years ago. It was a term of abuse, based on the French premier ministre, applied to such figures as Cardinals Richelieu and

Mazarin who were widely regarded as over-mighty subjects. It was used as an epithet of opprobrium with regard to Queen Anne's Lord High Treasurer, Godolphin and Harley. Walpole regarded it as did all First Lords of the Treasury down to and including the younger Pitt.

In theory the First Lord merely had the same authority as other important ministers e.g. secretaries of state. In practice, by doubling the office with

Chancellorship of the Exchequer, by tact with successive monarchs, above all by mastery of the House of Commons, Walpole created a new post which has remained permanent.

His power was in some ways greater than his modern counterparts, more like that of Lord Burleigh than Mrs Thatcher. He took all the key decisions himself, treated the Cabinet as a rubber stamp and personally conducted much of the correspondence of other departments. Some would say that the first two features are familiar today but not the third, and one should not judge the modern Cabinet by the complaints of the displaced and disgruntled.

In other ways his power was less great or, perhaps one should say, more precarious. He could rely, for pecuniary reasons, on the votes in the House of Lords of the Scottish peers and the Bishops and on a majority of the English peers to whom he could dangle inexpensive honours. The Commons were less reliable. Some 300 out of 538 members were either Tories or dissident Whigs who hated him. He could depend upon 150 "place men" who would vote for any government to keep their jobs. The balance was held by 200 independent Whigs who had to be persuaded, and when persuasion ran out he fell.

Walpole also had to manage a monarch who not only reigned but, within very wide constitutional limits, also ruled. These limits included the unquestioned right to dismiss and appoint ministers, create peers and dissolve Parliament. He could be sent packing at any moment and in 1727, when George succeeded, he very nearly was. He had to perform a difficult balancing act, but he was a very clever, hard-working man, a master of intrigue and diplomacy and most effective speaker. He concealed his talents behind the exterior of a rubicund, hirsute, hard-drinking, portly country squire inevitably nicknamed "the Norfolk Drunkenard".

The intelligentsia hated him. He discarded too many able colleagues and he ended surrounded by mediocrities. But he reformed Britain's finances and gave a turbulent country two decades of tranquillity. The change was permanent and irreversible. Despite his dislike of the title he goes down in history not only as the first, but one of the greatest "prime ministers".

A WHO'S WHO of important characters is provided at the beginning of *The Negotiator*. There are 29 Americans, six British, seven Russians, eight Europeans. Two are historical individuals alive today, Margaret Thatcher and Mikhail Gorbachev, and several more hold offices that belong to people in the real world. US President is one. British Home Secretary is another.

We are here in a curious region of fictional hypothesis, neither wholly invented nor wholly true. Some of it could soon be negated; for example, Chapter One begins: "Winter had come early that year." The date is given as November 1989. If winter does not come early this year, will there have to be a revised edition, putting that right, and as we move into the 1990s, further revisions as the details of the invented story are overtaken by history?

Obviously not, but it makes the shell of verisimilitude seem extremely fragile. Forsyth might reply - "Forget the detail, feel the authenticity at the heart of it. It is true that the US President is not called John Cornack and he does not have a son who is a student at Balliol, but such a president could if he existed have such a son, and this young man could have been abducted while on a training run one fine morning at the beginning of term. Stranger things - or at least as strange things - have happened to presidents and popes in our time."

"Agreed, but aren't you relying rather heavily on the confidential tense to salvage your plot?" "What if I am? Hasn't that been the traditional prerogative of fiction-writers?" "But, as I understand it, this is not meant to be wholly fiction. I notice that the book is dedicated on the fly-leaf 'To the men of the Special Forces of the free world'."

"Indeed it is! And if you consider that the threat to the stability of the free world posed in

Fiction

Well, it could happen

THE NEGOTIATOR
by Frederick Forsyth
Bantam Press £12.95, 448 pages



Frederick Forsyth

the book doesn't exist then you must be living in world of your own more illusory than any fiction."

"I agree that the hypothesis that the oil is running out..." "It isn't a hypothesis," my friend, it's cold sober fact."

"Don't misunderstand me, please. I think it's very skilful the way you combine the situation caused by the gradual depletion of the oil stocks, particularly in the Soviet Union, with the new international ball-game posed by the Russians' desire for disarmament, and not content with that, you manage to bring into the mix all those powerful forces of reaction, ferociously opposed to any form of détente, for the best reasons of self-interest, in both east and west, and finally, Arab fundamentalism. The context of the book struck me as horribly authentic; but the characters, both the goodies and the baddies, were such stereotypes, that any credibility I had for your claim would have been torched in my failure to believe in those characters."

"Look don't think me rude, but I have seven more interviews to give before I go to another reception for the book."

"Of course! It's good of you to have given me so much of your time."

"I should emphasise that I have never met Frederick Forsyth and that this conversation never took place. But it could have done."

Anthony Curtis

Warhol of fame

ANDY WARHOL wasn't one to give anything away. From his refusal to pay most of the actors in his movies to his impenetrable public persona, Warhol's comprehensive shyness ensured he remained an enigma. Was he a profound iconist, a master artist who manipulated people and imagery to create a body of work which captured the soul of its times? Or was he simply a con man, a "sphinx" with no secret, as Truman Capote called him?

Victor Bockris's near-exhaustive account of Warhol's life goes about as far as possible in trying to shed light on the Warhol enigma. It is telling and perhaps inevitable that even such a rigorous and intelligent work as this fails to crack open the sphinx to see what, if anything, is entombed inside.

Andrew Warhol (he dropped the "a" later in life) was born in a Pittsburgh ghetto in 1928, the third son of Slovak immigrants. Warhol was a sickly, dreamy child who was attached to his mother. He eventually showed sufficient artistic talent to gain entrance to a prestigious art school, moving on to success as a freelance artist in New York. He spent the 1950s making lots of money drawing advertisements, especially for shoes, and experiencing unhappy homosexual affairs.

Warhol also did some "serious" paintings which were dis-

WARHOL
by Victor Bockris
Frederick Muller £18.95, 528 pages

FAMOUS FOR 15 MINUTES: MY LIFE WITH ANDY WARHOL
by Ultra Violet
Michael £12.95, 224 pages

missed as merely decorative by the Abstract Expressionist elite who ruled the Manhattan art scene.

It was with the advent of the 1960s that Warhol was able to achieve the fame he had deserved, after "since childhood" calling on his advertising expertise. Warhol began to draw mundane objects without commentary or decoration. The rest, of course, is history. Campbell soup cans, Brillo pads, Marilyn Monroe - Warhol drew the icons of American society with the same loving detail that Renaissance artists used to depict their cultural and religious symbols. Bockris brilliantly records the excitement of these Pop Art days, showing how Warhol shrewdly captured the mood of the icon-building Kennedy years.

The later Warhol, the discarding fashion-hound, is easier to figure out. The Warhol who hobnobs with Nancy Reagan and Imelda Marcos in search of money, fame and style is obviously a man who has let his life be overtaken by the art to provide meaning. The poor Pittsburgh boy who managed to bank \$100m by the irony which had previously

best as he paints a portrait of Warhol, the seemingly soulless voyeur, turning his artist's eye and, increasingly, his movie-camera, on the deviant behaviour he encouraged. When one of the lesser satellites that orbited around his cold sun committed suicide, Warhol notoriously expressed regret that he hadn't been there to film the act.

It is here that Warhol, at the height of his creative and personal powers, becomes the most enigmatic. He is certainly a monster, yet Bockris is careful to show that there is something undeniably apt about his dispassionate, unblinking stance. For Warhol understood as well as anyone that the 1960s were as much about death and madness as they were about freedom and love. Whatever moral qualms you may have with Warhol's behaviour, it did put him in a position to create art which captured the darker essence of his era. His shooting by a crazed follower may strike as a rough justice, yet it is just as easily seen as the price he paid for being a ruthlessly observant. The truth is in how you choose to view him.

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fuelled his radical examination of commercialism and sexual identity. In the 1970s and 1980s Warhol's lack of seriousness, his weapon in the 1960s, becomes simply frivolous. Bockris seems to realise this, for despite attempts at neutrality, you cannot help but feel the biographer's energy flag, especially in his perfunctory account of Warhol's final years. And I wish the book contained at least some illustrations of Warhol's painting. Examples of his early draughtsmanship would have been particularly informative.

Despite the biographer's skill, however, Warhol remains a cipher. Even after undergoing as searching a scrutiny as Bockris affords, Warhol's soul remains hidden. It's up to the reader to fill in the blanks, just as it is left to the viewer of his art to provide meaning. The poor Pittsburgh boy who managed to bank \$100m by the irony which had previously

Stephen Amidon

enshrouding himself in riddles still doesn't give anything away. That said, Warhol remains an impressive and entertaining work, one which will be very hard to beat.

Famous for 15 Minutes is a gossipy account of the Factory years written by one of its denizens, Ultra Violet. She is in fact a well-born Frenchwoman named Isabelle Dressens, who was one of the "Superstars" Warhol used in the many largely forgotten films he made in the mid-1960s. Ultra Violet's book is occasionally entertaining, though for the most part remains little more than a sustained exercise in name-dropping and self-promotion. One wonders what to make of her assertion that she gave Warhol the idea for the soup can painting in the light of Bockris's well-documented claim that Warhol bought it for \$50 from someone else?

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Andy Warhol and Gert Miller, a member of his group

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Stephen Amidon

FOREIGN STUDIES
by Shunko Endo
translated from the Japanese by Mark Williams
Peter Owen £12.95, 232 pages

THE PARTY WALL
by Annabel Dilke
André Deutsch £10.95, 218 pages

FIVE SEASONS
by A.R. Yehoshua
Collins £12.95, 359 pages

LADY JAZZ
by Frances Kennet
Gollancz £13.95, 416 pages

"HOW WOULD IT BE IF I WERE TO DOWN SOMWHERE COMPLETELY DIFFERENT WHERE NOT ONE PERSON KNEW OF MY PREVIOUS SELF? COULD I ESCAPE FROM THIS ME?"

So asks Helen, the shy English girl at the centre of Annabel Dilke's lightish novel of Balkan exiles. The question is partly answered at the beginning of Shunko Endo's early novella:

"He was aware that the man who now stood at his wife's end in the pouring rain on a Paris street-corner with heavy luggage in both hands, totally incapable of hailing a taxi, was not the university lecturer who had left Japan."

This being Endo, whose distinguished novels have made him a world literary figure, his protagonist, the remote "Asian" who comes to Paris to study *de Sade*, does indeed carry weighty symbolic and existential luggage. Exile, travel, cultural and emotional dislocation are states to ponder on even more today perhaps than 20 years ago when this was written. Bodies are moving more blindly and hearts are more difficult to define.

Foreign Studies is a collection of three early pieces - a snippet about a Japanese seminarian welcomed into a French family immediately after the war, and a short sketch of life, known and imagined, of a Japanese Catholic apostate in the 17th century who could not cope with the impossibility of reconciling Western religion and eastern culture in a violent age.

Updike continues to be defiant about his unfashionable stand in the Vietnam war and his honour for it, for he is no gutter-bred, dim-witted American Legionnaire, but a grass-roots conservative of the old breed, half colonial Dutch and half Pennsylvania "Dutch" (i.e. German).

More power then to this quiet American that he should publish "A Letter to my Grandson", children of a Ghanaian father named Cobblah, embracing them for what they are ("We are all of mixed blood").

The only trouble is that this section is shot through with sentimental platitudes. Here is a man whose grandmother's hair turned white when a "boogie" peeked through her window. He might proclaim, with Isak Dinesen, that "the discovery of the dark races was to me a magnificent enlargement of my world". But without further evidence, this is mere rhetoric.

Details, please, Mr Updike. Perhaps a further instalment of your memoirs when you feel courageous enough to go all and not just half the way out of your shell? Go for broke, Mr Updike. You have made your fortune, and in three years' time, you'll be 80. Now is the hour.

Now 77, Johnston began his career as a commentator in 1946 on still-infant television

He is not at home with the cynical and shallow approach of some of his fellow-countrymen. Nor can he fully enter into the spirit of the culture he is trying to embrace. Eventually, like others before him, he pays the price for trying to confront the actuality of the "great flow" of European culture.

"The true man of letters was one like Sade who for years on end was incarcerated in Vincennes prison. Those who really desire to 'live' in the fullest sense of the word had to accept the price..."

In Tanaka's case this means TB. But what he really suffering from is, of course, not disease, but disorientation. It is

an immaculate, limpid moral tale, beautifully translated into English in which the snow and fog of wintry France express both a Japanese pictorial sense and an impressive symbolic control.

Annabel Dilke in *The Party Wall* tells of a gentrified street in South London where a party of strippers, pineapples and pin-up girls, ex-pride while ex-lingerie, are moving with health and money, his tentative, over-organised attempts to re-enter the world of the senses make him an unlovable character. But the novel succeeds in charting the ways in which grief and passions cannot be cheated, that mourning and sensuality have their own timetables which cannot be over-ridden by the will.

At the end of the five seasons, during which he has had inconclusive encounters with various impossible women, and the nearest he has been to love has been a remote obsession with a small girl, he realises that only when his love for his wife recedes, when, in a sense, he can "kill" her, will he find other, more real women. He is also coming back to a true sense of connection with his own family who have been as it were, behind a glass wall during this distant time. It is an extraordinary obsessive, uncomfortable novel which nevertheless exerts a powerful hold over the imagination and nags at the attention like a remote acquaintance in need of help.

All publishers look for a formula novel with a difference and I suppose that Gollancz have found one in *Lady Jazz* which is the account of a young English coloured jazz singer brought up in a picture-showbiz family in the

DIVERSIONS

Why getting to the top is in fashion

ARIDDLE: it has been imported from France under great secrecy. It is to be found at the back of the Queen's Hall in Leeds and it is 13½ metres high by 13m across. It overhangs by 4m, and is hidden from the eyes of the prying public by a giant curtain.

Over four days next week, this curious object will be crawling with lycra-clad athletes from 16 different countries. It will be bathed in the bright lights of television crews and encircled by crowds of spectators. It is an artificial cliff, a gymnasium in the air which will be the venue for the UK's first ever International Indoor Climbing Grand Prix.

The sport of climbing has been around for some time. It was in 1802 that the poet Samuel Taylor Coleridge started it off — perhaps in a laudanum-induced reverie — when he

The old sport of climbing has changed. David Waller reports

climbed down a cliff called Broad Stand in the Lake District. As those who attended next week's grand prix will find out, the sport has evolved considerably since then.

No longer does the climber need a rucksack: a Gulf GTI would be much more suitable for this most upwardly mobile of sports, for driving up to the bottom of roadside crags. No longer does he — or she — even require a real mountain, or a sense of wonder at the grandeur of the scenery, or a beard. Muscles are definitely *de rigueur*, but the more tanned and toned the better.

The fact is that rock climbing, as distinct from the Chris Bonington school of uphill effort which goes under the much reviled name of mountaineering, has become fashionable. Gone are the days of communing with nature in the style of Coleridge and blending in with the environment. Big boots, hairy legs and khaki have been replaced by ballet-shoes and lissom limbs flaunted under multi-coloured, spray-tint lycra.

For the average weekend climber (of whom there are thought to be 100,000 in the UK, upwards of 1m in France), a spirit of amateurism prevails. But there is also a growing body of dedicated professionals. Typical of these is the 26-year-old Jerry Moffat.

"I'm doing absolutely everything I can do to improve my climbing," he says. "I read

books about training, I eat the right food, I climb all day and every day if I could. But your fingers get sore and the muscles have to recuperate. So I don't go out for more than four days a week, six or seven hours a day."

When the sport was in its infancy — in the Fifties and Sixties of the last century — a climb graded Difficult was difficult. Now, a climb labelled Hard Very Severe is no more than a vertical stroll, and within the Extremely Severe category of climb there are eight distinct grades, each one of which was thought to be the limit of human achievement — until, that is, it was breached by the next generation of climbers.

It is competition which has driven the sport to ever more audacious extremes, though until this summer this aspect of the sport has been understated in the UK, disguised under a patina of gentlemanliness, itself a legacy of the days when climbing was practised only by a class-defying mixture of Oxbridge dons and plumbers from Manchester.

The contest next week will formalise the competition — and, for the first time on UK soil, there will be winners and losers and world champion will be declared.

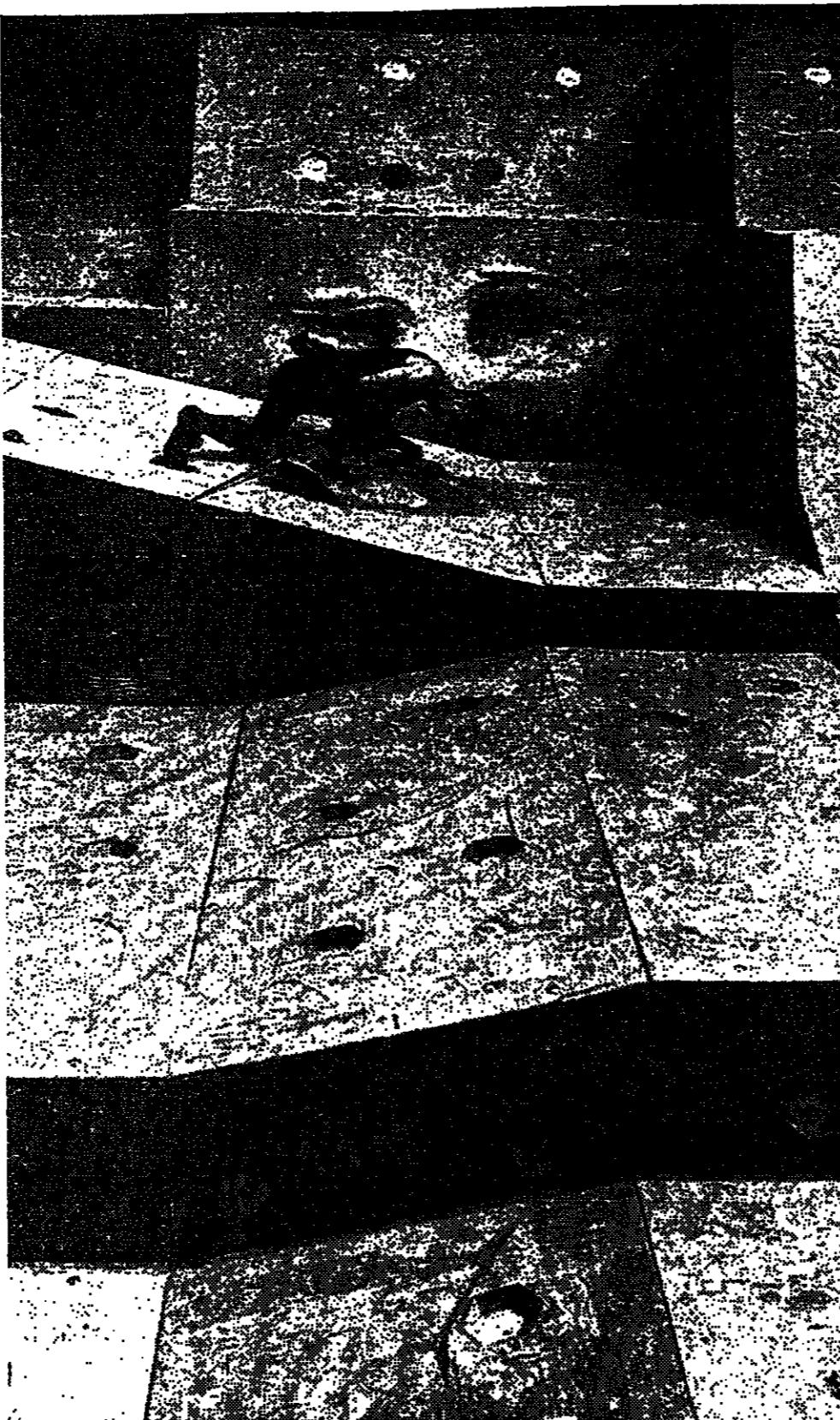
A total of 160 contestants will pitch themselves against the overhanging fibre-glass wall, competing for six different titles and a total purse of £12,000. The wall gets harder the higher it goes. At some point, competitors are bound to fall off. This will be photogenic and entirely safe. Each fall will be limited to no more than 20 ft.

It promises to be quite a spectacle, but there are some who argue that the Leeds competition is but the thin end of a dangerous wedge. Ken Wilson, a climbing publisher, is the most vocal opponent of the new developments. "Everyone, no doubt, will be entranced by the colourful razzamatazz," he says, "but this is just one more step along the road towards sanitising the sport, taking away its vitality, neutering it — making it safe."

There's the rub. "I sound like a total madman when I say that danger is the whole point of the sport," he concedes, "but it is. This competition nonsense will promote athleticism and demote adventure, both implicitly and visually. We have a beautiful, anarchic, dangerous sport out there — competition climbing is society's way of *making it safe*."

Moffat, for one, dismisses these views. "Each to his own," he argues. "You don't have to go and watch if you don't want to. So long as the

Climbing champions like Patrick Edlinger and Catherine



Route designer Sean Myles tests out a climb

competitions are held indoors, it's not spoiling the sport for anyone. As far as the danger is concerned, I must admit that I'm not into 'death' routes any more — but I still enjoy scaring myself now and again."

Competition climbing has its very distant roots in the Soviet Union, of all places, where speed climbing tests have been held for decades, but it is in continental Europe where the sport has really taken off. The first competition was held in Italy in 1985; since then there have been hundreds, many of them attracting hefty commercial sponsorship and plenty of television coverage.

Climbing champions like

Patrick Edlinger and Catherine

Destivelle (who will be competing in Leeds) are well-paid, nation heroes. One of the big competition events in Munich last month, sponsored by Fiat, it attracted 8,000 spectators over two days and was covered by 16 TV channels.

Those behind the Leeds grand prix — a collection of equipment manufacturers, specialist outdoor magazines and clothes companies — want the sport to be as big as it is on the Continent. "It has enormous potential," enthuses Richard Cuthbertson of Climbing Events. "If people can sit for hours watching snooker, there is no reason why they shouldn't enjoy watching climbing. In fact, we want climbing

to be the snooker of the 1990s — only a good deal more exciting."

The Leeds event will be covered by the BBC and Channel 4 as well as the regional independent companies. Nevertheless, for all the sport's potential it has so far failed to attract a major sponsor from outside the climbing world.

Tickets are available from the Queen's Hall, Leeds, tel: 0532 431951/2. The Grand Prix finals are on Sunday May 21, women's at 1pm, men's at 3pm. There is a veterans competition at 9.30 on Sunday morning: Chris Bonington won't be competing, but he will be acting as compere.

EVERY CHESS player beyond the beginner stage knows the importance of king safety. An uncastled king in the centre of the board or worse still, a king which has ventured on the wrong side of a protective pawn front, is an easy target for combined attack by the opponent's pieces.

Some inexperienced players are too aware of this principle. A common fault in club chess and the lower sections of weekend and one-day congresses is to keep the king out of the battle even after exchange of queens in the endgame. A master meeting an amateur in a simultaneous exhibition will reckon to win endings a pawn or two down simply by more effective king activity.

The sound rule is to keep the king at home until the endgame, then use it unhesitatingly as a fighting piece. It may seem odd to find that occasionally in master chess the first part of this rule is neglected, with the expert's

Chess

king mated in mid-board just like any beginner's.

The explanation lies in the difference between a master and a strong county standard player. The latter knows the principles of sound strategy and is correct without being adventurous, but the master thrives on exploiting exceptions to the rules. He has sufficient confidence in his own judgment to look for unusual moves which work in a particular position because of some small tactical point.

It's a grandmaster's march to the centre of the board in the opening, it is usually to win material. If the idea fails and the GM is mated, it probably means he has seen well ahead but not quite far enough.

At the time of this week's game in 1981, Viktor Korchnoi was a promising 20-year-old

K-B4; 14 BxP d1 ch, K-N3; 15 BxQ, RxB.

Black has two bishops and a knight for White's queen. Given a move to organise B-B3 and K-B2 or P-K3 and K-R2, Korchnoi would have fair survival chances, but White continues, "only a good deal more exciting."

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"DO YOU ever play postal chess?" I asked Gary Kasparov, the current chess champion of the world. Our brief encounter was at a lunch hosted by stockbrokers James Capel in their City office. British grandmother Raymond Keene was there too, along with several chess enthusiasts from financial institutions.

The champion was fleetingly in London to lend his support to a worldwide campaign against drug abuse. The previous evening he had met a group of MPs at the House of Commons and played 21 of them at chess simultaneously. They had all lost.

No, I was not thinking of suggesting to Kasparov that we have a postal game, but was curious to know the status of this aspect of the sport in his eyes.

At my question he smiled that curious, charming, deadly smile of his. It is rather like a knight's move, a piece he uses with lethal accuracy on the board: the sensuous lips straighten out two squares horizontally and then curl one square diagonally.

"Oh no," he replied in his excellent English, "that is a different game." But people play it in the Soviet Union." I persisted. "Oh yes, he said dismissively, "but they lack the fighting instinct." It is this that is the heart of the matter for him: chess for play rather than chess for fun (an chess writer Lester once put it).

And it is for this reason that the champion does not rate the chances of women players ever rivalling seriously the male grandmasters. Inevitably I cited the three Hungarian Polgar sisters who are currently the toast of every town in the world that boasts a chess club. Kasparov has not played against any of them yet, though he agrees that they

show remarkably precocious

Cold comfort CFCs

Andrew Freeman, anxious to be a model citizen, tells how he tried to dispose of his fridge

THE DILEMMAS of the environmentally-conscious consumer grow more profound each day. To switch or not to switch to lead-free petrol has become one of the more boring dinner-table conversations. Debating the theory of ozone-friendly behaviour while quaffing chemically-laced plonk has ironies of its own. In practice, however, it is really quite hard to be a model citizen.

Which brings me to my

safety. Feeling virtuous, we left it standing in the middle of our kitchen and made further enquiries.

A telephone call to our Labour-controlled council elicited a helpful response. Nothing like a bit of green enthusiasm just before local council elections to woo the voters, we thought. We were told that our local waste disposal dump would deal safely with the fridge if we communicated our concern to the staff.

We duly lugged the fridge out of our first-floor flat and manoeuvred it into our car. At the dump we were shown where to leave the fridge — by the side of a large skip which was full of twisted metal. Before unloading it, I made a final check on its fate.

"You've broken it up safely," said the skipper. "Dead," I repeated, before launching into an Irish version of a well-known Monty Python sketch.

"Dead."

HOW TO SPEND IT

Lucia van der Post follows in the footsteps of tsars and emperors in search of high quality jewellery that meets the demands of today

Not just for the rich: the well-off can join in too

AS YOU finger your brooch of paste and diamante, your witty earrings bought at a chain store, or even maybe the odd string or two of real pearls, you may wonder who keeps the grand jewellers of Bond Street and the Place Vendôme in business. Who indeed?

Once upon a time whole families would patronise them. Father would introduce son to the family jeweller and there the son's custom would remain. He would buy his cufflinks, his collar studs, his tiepins, then the engagement ring, wedding ring, christening presents, anniversary presents

in a tranquil, ordered sequence.

There still are a few grand and rich customers who come back and back, but fidelity is no longer the name of the game.

more usually the customer who shops at Boucheron will almost certainly be taking a look at Van Cleef & Arpels, Harry Winston, Cartier et al as well.

The days when jeweller's chief function was to establish wealth and status, when outrageously expensive jewels were to be flaunted, are over. I happened to be in Paris on the day that Adnan Khashoggi's arrest in Switzerland was announced.

develop more accessible lines.

There are now pieces that might tempt the independent woman who earns her own money, who might as easily buy a brooch for herself or some cufflinks for her man.

There are pieces for the chap who has hundreds rather than thousands to spend. It has

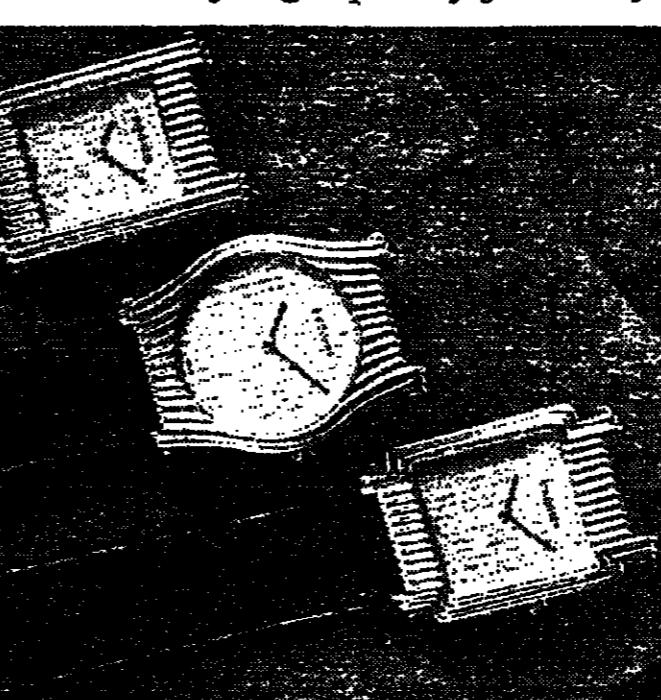
been recognised that women are looking for designs that sit as happily on a black polo-necked sweater as an evening dress.

pieces that go to the office as well as the ball. The challenge, of course, is to do all this and yet retain the spirit and style of the house.

For Boucheron this was easier than most — there has always been a strong house style.

It was one of the first to produce contemporary versions of the clip sets made fashionably by Coco Chanel and her

followers. These were pieces

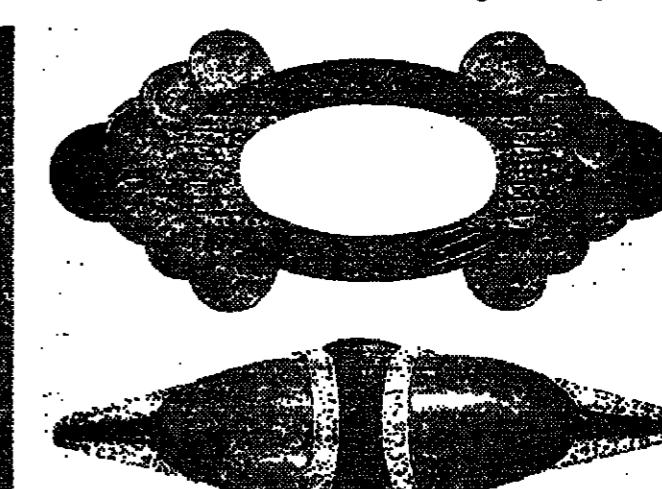


The new Boucheron watches with the detachable strap

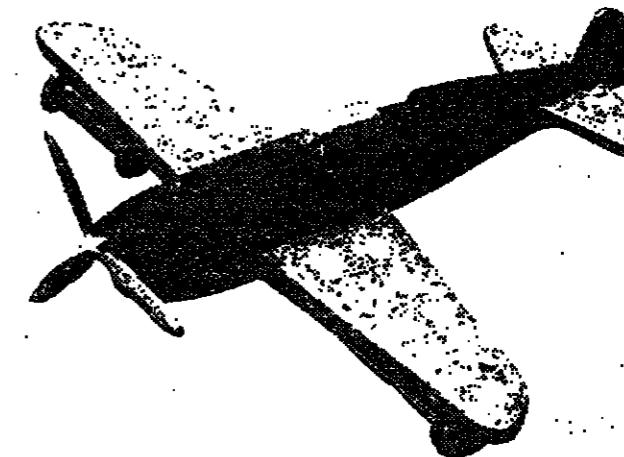
that could separate into earings, clips or single brooches and then link together to form brooches or pendants. Versatility came to be a strong theme and Boucheron's multiples — rings, bracelets, cufflinks which take different inserts (lapis lazuli, coral, silver, gold, onyx, tiger's eye, leopardwood) to give different looks — are today's descendants of the same idea.

Ribbed 18-carat gold has long been a strong house theme — it immediately identifies the famous Boucheron watch with the invisible clasp — has

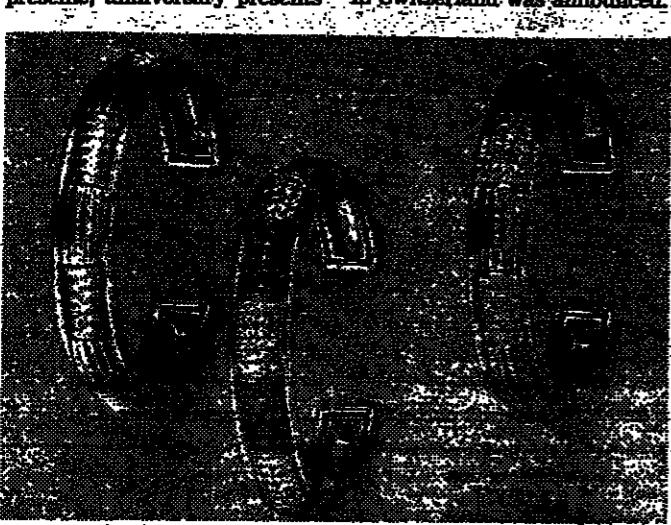
appeared on pieces throughout the years and, is central to the design of Boucheron's first new watch for more than 20 years, photographed above. A fine quality watch, waterproof and, just in case you're thinking of emigrating to Mars spaceproof



Two brooches from the 1920s, both in onyx and coral with brilliant diamonds.



Sport enters the jewellery arena. Boucheron created this acacia-wood and diamond airplane brooch for the aviatrix Suzanne Deutsch de la Meurthe in 1934. Coco Chanel set the style by wearing witty pieces on her blazer lapels.

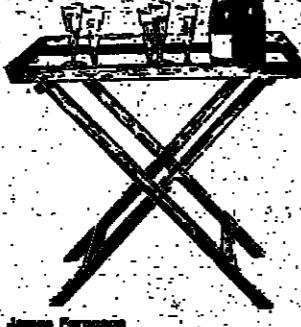


Multiple bracelets with the interchangeable inserts — coral, silver, leopardwood, from Boucheron's modern collection

Butlers' dream

CLARE Tinsley, who used to be a TV set designer, found that there was no modern equivalent of the butlers' tray that could match the beauty, quality and finish of those produced in the 18th century and so she did what all born entrepreneurs do — she decided to get them made. She now has a collection of quite beautiful trays. All are made in Britain from solid and inlaid hardwoods and are made as faithfully as possible in the 18th century tradition — except that they have been treated with a stain resistant finish to protect the wood from mild heat or stains.

There is a large series of trays, ranging from the small and relatively plain to those which are almost works of art with intricate and highly decorative inlaid work. There are breakfast trays, with brass fittings and folding legs; luggage racks made from solid mahogany with leather straps, and butlers' trays with stands in satinwood, in walnut, in solid mahogany, gilded black lacquered, oak, or ebonised.



Choice of kings

IN THE world of porcelain the name of Herend is one of the proudest, standing alongside the two other giants of the field — Meissen and Sèvres. When Europe had a fuller flush of royal and imperial families ruling from their palaces and castles, Herend was usually the porcelain of their choice. Tsars, emperors, kings and queens all loved the exquisite fineness of the pieces, the delicate lattice-work, the fruit and flowers, birds and bees that traditionally bedeck the painted surfaces.

Though a few exclusive shops like Garrard, The General Trading Company and Thomas Goode usually carry a few of Herend's lines, most of us will have had little chance to see the sheer range and beauty of the output from the workshops in Hungary. Those who like the Herend style, devotes of their little ornaments,

Cookery

Celery comes to the crunch

Philippa Davenport goes in search of a long-lost flavour

A FEW DECADES ago

celery was a favourite winter vegetable. Touched by frost to intensify its flavour, beautifully white with clods of black earth clinging to it, it was refreshingly crisp and good tasting. It was a natural partner for the Christmas Stilton, subtle in soups with toasted almonds, piquant in salads with anchovies, and excellent braised with guinea fowl or game.

Celery is a year-round crop — but today's version is surely an imposter. The stalks are pale green and they come washed and trimmed, stuffed into plastic sleeves, with most of the flavour bred out of them. It's all crunch and no taste, held together by strings that run the length of the corrugated stalks.

I refuse to buy it unless it is at least topped with a good grill of leaves. A jug of naked celery disgraces an otherwise well-dressed cheeseboard, and this tender and most toothsome foliage is an essential ingredient of *soffritto* — the aromatic point of departure for innumerable Italian dishes", as Italian food writer Anna del Conte puts it.

Another pleasure of years gone by is celery salt. This condiment, which consists of nothing but celery seed and sea salt, is agreeably tangy on the tongue. It makes a lively dip for hard-boiled quails' eggs, adds savoury pep to stews, and provides the aromatic finishing touch to Best Ever Bloody Mary — a recipe learned from actor Richard Burton when I worked in films a hundred years ago. To make it, mix together in a glass a very hefty pinch of celery salt, a generous splash of lemon juice and a good shake of Worcestershire sauce, then top up with vodka and chilled tomato juice. The first three ingredients combine so fortuitously for flavouring tomato juice that the non-alcoholic version — known as a Bloody Mary — is worth remembering next time you have guests who have to drive home.

Fox's still makes celery salt, thank goodness. Herb and spice companies with fancier packaging and marketing policies seem to have replaced it with a product called "celery seasoning" which includes dried pimento, powdered onion and garlic and a load of other extras. This must be what is known as added value I suppose, but it seems a non-sense to me a mix-match with a hint of celery buried in it.

If you want really good celery flavour in vegetable form, the best bets these days are celeriac and lovage. Lovage is the tall, ever-faithful perennial herb that our forefathers grew to flavour their winter stews, stocks, soups and salads when celery was out of season. It has a wonderfully intense celery flavour with peppery, lemony, mildly curried undertones.

Try stuffing a few leaves into the body cavity of a roasting

gradually. Grate the celeriac and apple, weigh them and add them to the mayonnaise mixture quickly, before they discolour. Season lavishly with salt and pepper, stir in the cooled soup and refrigerate until nearly set — about 15 minutes. Fold in the yoghurt gently, turn the mixture into a dish, cover and chill until



chicken. Use them to wrap a rabbit for steaming. Add them to the pot when poaching gammon or ham. Chop and scatter them over tomatoes or lettuce for an exhilarating salad. Use them to flavour chick peas and lentils and, as the lynchpin of glorious hot and cold soups. If you have room to grow lovage (it clumps as tall and thicker than the angelica it thrives alongside it) buy it from a good nursery or beg some from a gardening friend. Now is the right time of year to divide it. A dwarf version of lovage grows wild on cliff tops in parts of Scotland, and I have been told that some herbalists stock dried lovage but I haven't tried either.

Celeriac is the practical solution for gardenless cooks. It's no beauty, this massive Swede-like lump of a vegetable with contortionist rootlets wrapped around it octopus fashion, but the flesh within is magnificent: dense, clean and crunchy to bite, with nutty-sweet celery flavour. The season should be around for a few weeks yet.

Celeriac has special affinity with apples, pork meats, nuts and shellfish. I was once served a thick slice, steamed, topped with snippets of ham, coated with Hollandaise sauce and burnished under the grill. Celeriac makes a fine gratin if grated and baked in a creamy egg custard with bacon. A mixture of celeriac and potato makes a good puree, to serve as it is or to shape into croquettes and fry, and I am very partial to diced and sautéed celeriac and apple with walnuts. The last mentioned dish can be served on its own or as an accompaniment to grilled trout, roast chicken or baked gammon.

APPLE & CELERIAC MOUSSE
(serves 6 or more as a first course)

The simplest way to serve celeriac is in a salad. It is excellent grated and mixed with apple in vinaigrette or mayonnaise, garnished with prawns and watercress. This recipe takes the idea a short step further. If you

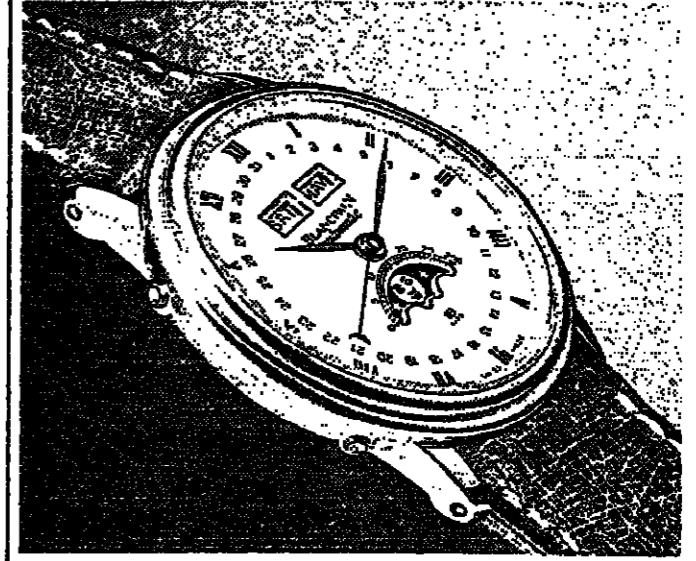
manner of serving soups I picked up from Gary Hollingshead of Sutherland's restaurant: giving everyone a soup plate with the garnish arranged in it then pouring on the soup from a jug. 1 oz green lentils, preferably from Le Puy; 10 oz coarsely grated potato; a generous handful of fresh young lovage leaves; 2½ oz finely chopped onion; 1-2 slices of bread cut into dice and fried in olive oil; 1½ pt stock and ½ pt buttermilk. Rinse the lentils and cook them in just under half the stock until tender — say 40 minutes. Drain and refresh them and reserve the cooking liquor separately. Cook the chopped onion in the rest of the stock until slightly softened. Add the grated potato and 6 or 7 tablespoons of chopped lovage leaves, and bring to a simmering point stirring all the while. Then cook over the lowest possible flame, just stirring occasionally until the potatoes are very tender. Process to a smooth puree. Blend in the lentil cooking liquor and the buttermilk. Season to taste, adding a little more lovage if you like, and process again briefly if necessary. Cover and chill. Garnish the soup plates prettily, putting a small pile of lentils, a few croutons and a scattering of lovage into each. Pour on the soup at table.

POTAGE OF LOVAGE WITH BUTTERMILK
(serves 4-6)

This is deliciously refreshing served cold but it can be

hot if the weather plays foul. I like to present it in the

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ARTS

The world according to Disney

Nigel Andrews rollercoasters round a new movie theme park in Florida

HOLLYWOOD Boulevard and its famed Chinese Theatre are in central Florida. *Casablanca*'s Rick and Ilsa say goodbye to each other on a misty airfield near Orlando. And once every twenty minutes there is an earthquake and flash-flood in a canyon near the Florida Turnpike.

The world is not what it used to be. Especially in the age of theme parks - and especially when the "world" comes in the form of Disney World. Anyone thinking London's Museum of the Moving Image had the last word on interactive make-believe environments for filmgoers - the jargon is catching when you have been to the Theme-Parkland, USA - should fly to Florida and check out the new Disney-MGM Studio Theme Park. It lies hard by Epcot and the Magic Kingdom in Disney's 25,000-acre estate near Orlando. And it was opened last week amid an apocalyptic razzmatazz not experienced since the Emperor Nero declared Rome fully central-heated city.

Theme parks and movies are growing so close together in the 1980s that no serious film critic - not irascible ones - can keep the first at a distance. Not only do most mega-hit films today resemble rollercoasters through fantasy land - like the Star Wars and Indiana Jones sagas - but it is in theme parks rather than movie theatres where you are likely to find the state-of-the-art movie processes.

Disney's most popular showpiece, for instance, is *Captain EO*, a 15-minute 3D film directed by Francis Coppola, produced by George Lucas and starring Michael Jackson. (It is hideous and deafening; but never mind the quality, feel the futuristic cutting edge.) At Disney World and/or L.A.'s Disneyland there are laser displays, holograms, Circorama films, animatronics shows and movies in which flight-simulator seats perched before spectacular footage (car

chases, rollercoasters) buck and yaw in stomach-turning synchronicity with the image.

The new Disney-MGM Studio Theme Park is sober by comparison: though certainly not sober by comparison with places like M&M, Britain's endearing attempt to inject a little carnival spirit into museumhood. It is built as a fully operational film and TV studio for America's most successful modern movie company. Disney has also upped the charisma of its new venue by borrowing the MGM logo on a time-share basis. The object: to enrich their own characters with ones like Gene Kelly, animatronically singing in the rain, and model Munchkins and Wicked Witches from the land of Oz.

These all appear up in the "Great Movie Ride," 20 minutes of instant cinema history. Taking your life in your hands, you are trundled in railcars through caverns measureless to man. Busby Berkeley musicals unfold; so do *Star Trek* spacelights, Tarzan jungles, *Raiders Of The Lost Ark* tombs (with earth tremors and electronic snakes) and the said glimpses of Oz and Casablanca. Lots of resonant, hi-fi sound effects; lots of animatronic stars startlingly resembling the real thing.

The new park's other major attraction is its Backstage Tour. This comes in two parts. I took the Part 1 ride on the gala preview day, sitting in a railed stall warn from the rear of Miss Bette Midler. Accompanied by the dismaying puns of our Disney guide - "It took two ears to make" he quips of the Eiffel Tower, a water-tower topped by a giant mouse head - we rumble through back-lot streets in New York, Chicago and middle-American Suburbia. We pause for an earthquake and flood flash in Catastrophe Canyon. And we are then dumped off for Part 2 of the tour. This takes us through a series of special effects demonstrations: in the studio tank, the blue-screen lab, the

animatronics workshop. And then we are out into the sunshine again in Hollywood Boulevard (full-size 1930s-era mock-up street).

Children seem to enjoy the whole place enormously. Adults are likely to suffer, around early afternoon, from twinges of nausea and Disney spells. Why must we have the relentless bonhomie and ghastly puns? Why must the guides all behave like Barbie dolls? ("Hello, my name is Kevin." "Hello, my name is Tracy." "Have a nice day." "Have a nice afternoon"). And in selling its achievement to the public, why - for heaven's sake - has Disney not done better by its own proudest, too-bland and cutsey half?

The animation pavilion, one of the sideshows clustered on or near Hollywood Boulevard, is a major letdown. It gives us neither an inspired flight of make-believe for kids nor, for adults, a rumble plunge into the arcane of the animator's craft. Instead, we are walked in a crocodile past the glassed-off workshops and drawing-offices, while TV monitors overhead play a video double act between Robin Williams and Walter Cronkite. "Say, Robin, I didn't know you could fly." "Yes, Walter, I did." "What period would you like to come from?" he asked with a helpful smile. Oh dear, I realised, we

were back among the Barbie dolls. No one salutes Disney chief Michael Eisner's achievement more than I. Since leaving Paramount for Disney five years ago, the high-profile, glad-handing, smile-a-minute Chairman has restored the M. Mouse company to soaring profits - back in 1984 it was doing so badly it came close to being swallowed by corporate raiders - and he has become the highest-paid executive in America. (\$40m per annum at the last count.) But much of the new Disney movie product, for all its box-office success, seems suspiciously like formula-created pap - see *Three Men And A Baby* and its kin - and the Disney-MGM Studio Theme Park is likewise too bland and cutsey half.

Only visit some of the rides in other parts of Disney World, rides that Walt himself worked on before he died like the marvellous "Pirates Of The Caribbean" at the Magic Kingdom, and you wonder if the spirit of wild wit and anarchy at Disney may have founders with the death of the company's founder.

At a press conference during the Disney-MGM Studio launch, I asked if the company was worried that almost everyone's favourite Disney character was still the 60-year-old Mickey Mouse: closely followed by other near-sexagenarians like Donald Duck and Goofy. Where on earth - Roger Rabbit excepted (and he belongs half to Steven Spielberg) - were the new Disney characters?

Eisner, Jeffrey Katzenberg (Disney's movie chief) and others spoke up to assuage my fears. But I wonder if in the new Disney cosmos, where the biggest stars seem to be off screen rather than on, the most telling remark at the press conference did not come from Bette Midler. Asked by someone who her favourite Disney character was, she turned coquettishly to her right and breathed "Michael Eisner."



Michael Eisner with Mickey Mouse and Roger Rabbit at the Disney-MGM Studios Theme Park

FLUSHED WITH its success in raising £28.5m from its sale of 25 Impressionist and 20th century pictures at Sotheby's in April, the British Rail Pension Fund sets out its stall in Hong Kong on Tuesday, this time offering a hundred items of Chinese porcelain and other works of art, mainly acquired between 1974 and 1980.

As with the Impressionists British Rail, advised by Sotheby's, has chosen just the right time to sell off this section of its investment in art. The Chinese market has been growing increasingly stronger in the last couple of years, with the traditional buyers in Hong Kong, Singapore and Japan being joined by the Taiwanese, who can now take some of their wealth out of the country. Far Eastern collectors will be the main bidders for the Imperial ceramics of the Ming and later Qing dynasties which dominate the auction.

It would be over optimistic to believe that the Chinese will match the return of the Impressionists, which, after all expenses are deducted, yielded the Fund a cash return of 20.1 per cent a year, showing a real return, after inflation, of 11.9 per cent. With around a quarter of its 2,700 items of art sold by value the Fund can boast a return from its gamble of 6.9 per cent a year after inflation, suggesting that art, at least in the 1970s, was a better buy than such traditional invest-

Saleroom

Chinese ceramics are a better bet than gilds

The British Rail Pension fund should do well at Tuesday's auction, says Antony Thorncroft

ments as property and gilds. The Chinese ceramics should not let the side down.

The most outstanding piece is a large copper red decorated early Ming bowl of the late 14th century which carries a top estimate of HK\$8m (£680,000). The Fund bought it for £137,500 in 1975. It was hard to find porcelain of this colour and a similar item holds the world auction record of just over £1m for Chinese porcelain. But that was a vase, and vases are preferred by collectors over bowls.

Following it on to the rostrum is a potentially finer piece, a red ewer, which cost the Fund £104,500 in 1978 and might now fetch £200,000. The unsensational depreciation owes much to the fact that the ewer is damaged and Chinese collectors like perfection in their porcelain.

Of the blue and white Ming

large bowl of the Yongle period of the early 15th century. It was owned by the legendary collector George Eumorfopoulos who pioneered the acquisition of oriental ceramics in the early decades of this century, subsequently providing the basis of the collections in the British Museum and the V&A. Just how unappreciated Ming was at this time can be judged by the price the bowl fetched at Sotheby's in 1940: it was bought for £22, made £100,000 in 1975, and now carries a top estimate of £330,000.

As well as the British Rail lots, Sotheby's is packing in a good general sale of Chinese works of art and a special auction of Jadeite Jewellery, which is something of an obsession with Taiwanese collectors. The highlight in the general sale is a quite unexciting looking six-sided greyish ceramic box, eight inches in diameter. No one knows what it was used for: perhaps as a brushwasher, or a medicine mortar, or a warmer. But it could sell for around £750,000, thanks in part to its rarity (only one other of the shape is known), but mainly because it is an exquisite example of guan ware, the most prized ware of the Imperial court.

In all the two days of sales should set a new record for Hong Kong. Both Sotheby's and Christie's are building up their activities here. They own no salerooms - auctions are conducted in packed hotel suites - but Hong Kong's accessibility to Japan, Singapore, Taiwan, Australia even, the whole of the booming Pacific rim, gives it tremendous potential. There is also the local buying, motivated in part by the desire to acquire



Sotheby's deputy chairman Julian Thompson holding the blue and white Ming bowl

internationally marketable treasures which can be converted into cash should the worst happen after 1987.

But Chinese buying is idiosyncratic. For all their commercial acumen the Chinese remain very superstitious and are reluctant to buy "grave goods" - Tang horses, much Han ware, the artifacts of the dynasties up to the 13th century, when the greatest treasures were buried with the dead. Fortunately for Sotheby's and Christie's, the Japanese, the Europeans and the Americans have no such inhibitions. This has also proved fortunate for the Chinese Government which for years turned a blind eye, or even exploited, the looting

of graves and the export of antiques to Hong Kong and the West. This led to the market being flooded with mediocre objects of obscure provenance and prices in the middle and lower end are still depressed. But few offerings at the Hong Kong sales date from before 1980 and the locals are loyal to Imperial Ming and in particular the glossy later Qing porcelain.

There is also the problem over paddles (waving one is now the accepted way of bidding at fine art auctions). Some Chinese are unwilling to take on a paddle with a foul in it, a word that sounds like death in Cantonese. Forty-nine, which comes out as "dead dog," is particularly eschewed. On the other hand eight is an auspicious number and a paddle with an eight on it is much favoured. The salerooms have the delicate task of allocating paddles with the ultimate discretion - a big collector might have permanent access to 888. Happily there is one western collector who delights in bidding with paddle 444.

The Chinese are over coming some of their natural reticence. Most big collectors still bid through dealers but competing in public, and sometimes losing, does not invoke quite the traditional loss of face. There is still however some stigma attached to public selling: why does he need the money? And the Hong Kong Chinese in particular are loathe to show off their collections. The finest porcelain is hidden away, to be brought out and savoured in the presence of close friends.

The boom in Chinese woks of art is extending out from porcelain and encompassing paintings, both modern and traditional, and, very recently, antique Chinese furniture, which, along with Chinese textiles and carpets, is the best tip for future price appreciation. More of such objects are likely to be offered in Hong Kong. The salerooms are also starting to sell expensive watches and jewels there - another art form that can be easily cashed in in an emergency. But any future worries will be wellidden away next week and Sotheby's can anticipate another round of record prices and optimistic headlines.

Last week I said I would hear *The Poetry of Popular Song*, and I have, but alas, I found little in it. Roy Dean's chosen poet was Mitchell Parish, who wrote lyrics for

Radio

Voyage of discovery

CAREY HARRISON'S three-part play *The Sea Voyage*, of which Radio 4 gave us the first part on Tuesday, and will give the others on successive Tuesdays, is one of the most exciting bits of writing I have heard for a good time. Not only is it a thrilling tale, but it is drama most expertly, and searching, tailored for radio.

The voyage in question is the fictional expedition made by Don Juan-Hurtado de la Vega from Seville, through the Magellan Strait in quest of the Spice Islands, or the Moluccas. The first part ends as the armada under Hurtado sails from Seville on September 14, 1527, a date fixed by the official astrologer. But by that time we have heard all about the Spice Islands and their special wealth, and about Hurtado raising his fleet and enlisting his crew. At that September dawn, 250 men manned five 40-foot ships for a three-year voyage in quest. Hurtado believed, of the bones of Christ, though others mostly thought they were after pepper.

Carey Harrison presents everything in terms of personal experience, involving a wealth of legend, a wonder of magical names of places and things. We even begin with a pepper-pod describing its voyage from the Spice Islands to Venice, by way of China, India, Egypt, each port given a pocket adventure. Hurtado's fame is recounted by schoolboys reading from their history textbooks. Every officer of the crew is given his background story. Of the splendours of the playing, and of Jane Morgan's production, I will write when the rest of the play has been broadcast - perhaps one of what seem to me to be flaws; but at the moment I don't want to discourage anyone from listening.

Last week I said I would hear *The Poetry of Popular Song*, and I have, but alas, I found little in it. Roy Dean's chosen poet was Mitchell Parish, who wrote lyrics for

sion producer, Massingham, wants to do an interview with him. Waite is looked after by his daughter Maria, and while Massingham is going through his preliminaries, Waite's son William (Bill Nighy) also arrives. Maria is helpful, though unsympathetic to her father's affluent life and undemocratic honour; William is wholly adverse to them.

He feels that his father, having once been a miner, a union official at the time of the 1926 strike, has no right to live as he does; he should remember the little slum house in Manchester he lived in as a young man and think more about equal circumstances for rich and poor. Points are made on both sides: if I'd been Waite I'd have asked what William was doing writing a thesis at Manchester University instead of coal-mining or bus-driving. Massingham bears it all. How much will he use? That is where the play ends, and a very stimulating hour it gave. Walter Acosta was the director.

B.A. Young

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10am-5pm, 9-13 September

10am-5pm, 14-18 September

10am-5pm, 19-23 September

ARTS

Fresh look at Petipa's genius

Clement Crisp relates the history behind the ballet *La Bayadère*

THE FIRST time London saw *La Bayadère* was during the Kirov Ballet's initial visit to Covent Garden in 1951. As the curtain rose on the Kingdom of Shades scene, we did not know what to expect, but as the cascade of white-clad dancers poured down a ramp, inching their way in arabesques, we realised that here was a choreographic gem. We learned that this was an act from an old Petipa ballet lovingly preserved in Leningrad for nearly a century, and within two years the Royal Ballet had gained its own version in a staging by Rudolf Nureyev.

The full-length *Bayadère* was introduced to the West when BBC 2 showed a Soviet television recording from the Kirov a decade ago. This was a mixed blessing. The beauty of the production, with scenery that had miraculously survived from 1900, was clear. Rather less clear, because of indifferent casting, was the importance attached to the leading roles of Nikuya and Solor by generations of Russian dancers. Nevertheless, in its grandeur of scale, its dramatic intensity and choreographic richness, this was a superb example of those spectacles with which Marius Petipa had beguiled Imperial Petersburg's audiences for 40 years.

But there were also evident problems in the outcome of its narrative since the ballet did not have an ending: it was as if we were seeing a film without the last reel. Characters whom traditional dramatic law meant to be punished, went unscathed; the hero was unredeemed; the heroine lost in limbo. The reasons for this emerged with the history of the ballet's survival in Russia.

Petipa's major creations of the 1860s and 1870s (*La Bayadère* was produced in 1877) were those ballets *à grand spectacle* with which his name is so

synonymous.

Computer music stands still

Andrew Clements reviews IRCAM and the London Sinfonietta

It is still too soon to judge the result of the French Revolution, as one Chinese leader recently claimed, then it's certainly premature to give a verdict on the achievements of the Institut de Recherche Co-ordination Acoustique/Musique, which the French government set up under Pierre Boulez's direction in the 1970s, and which opened its doors to the world's composers 12 years ago. Isolated products from IRCAM laboratories have filtered through to London, but the first chance to hear a cross-section of work in progress was the series of concerts promoted by the BBC at Smith Square four years ago.

This week the event was repeated on the BBC, as part of its celebration of French culture, "Revolution Revisited." A lorry load of equipment including the legendary 4x computer combined again with the London Sinfonietta and the impressive



Natalia Makarova (right) rehearsing Maria Almeida in her production of *La Bayadère* which opens at Covent Garden next Wednesday

Nikuya shall die.

The betrothal of Solor and Gamsatti ensues. There is a massive procession (in 1877 it comprised over 220 people), and at the Kirov Theatre today, it is an impressive sight, not least for the property elephant that trundles hugely past. There follows a celebrated divertissement, after which Nikuya dances. During her solo she is given a basket of flowers. These she believes to be a token of Solor's love, but a poisonous snake has been hidden among them by Gamsatti's henchmen. But the Brahmin swears to bring divine retribution on Nikuya, and is bitten. The Brahmin declares his innocence, but the gods avenge the murdered Nikuya by destroying the temple and all in it. The ghosts of Solor and Nikuya are seen in an apothecary's shop rising towards the blissful flames of the Himalayas.

In its first production *La Bayadère* was a typical, if superior, example of Petipa's skill in combining exoticism, amplitude of scale and mastery of choreographic incident. It was staged for his favourite ballerina during the 1870s, Ekaterina Vazem, a dazzling virtuoso who repaid his admiration for her gifts with less than complete respect. When Vazem retired in 1884, *La Bayadère* soon dropped from the repertory. It was not revived until 1900, when new designs were made for its re-staging at the Mariinsky Theatre.

Thereafter *La Bayadère* was maintained in performance. It was edited, most significantly in 1919 when, after the Revolution "lack of forces" (wrote one commentator) caused the last act to be dropped, while dances were re-positioned or excised. A further large editing took place in 1940, and with certain smaller alterations, this is the accepted Kirov text.

It was as Gamsatti that Makarova danced at the Kirov, but

and Solor was celebrated. Throughout the ceremony, the Shah Nikuya appears to Solor, reminding him of his vow to her. The Brahmin begins the marriage, but divine retribution strikes. The gods avenge the murdered Nikuya by destroying the temple and all in it. The ghosts of Solor and Nikuya are seen in an apothecary's shop rising towards the blissful flames of the Himalayas.

In 1974 she staged the Shades scene in New York for American Ballet Theatre, and

Culture on credit

A new philosophy towards funding the arts was demonstrated this week, says Antony Thorncroft

THE Government must be quite amazed at the ease with which it has won the arts world round to its way of looking at things. The days of the dependent culture, when the size of the subsidy from the Arts Council or local authority largely decided what the theatre company or art gallery put on, seem lost in antiquity. Apart from Sir Peter Hall, following from the wings of the commercial theatre, the champions of more public money for the arts are (temporarily) silent.

The two major events of the week dramatically demonstrate the new atmosphere. At the National Art Collections Fund dinner on Monday its patron the Prince of Wales made a strong plea for the Government to encourage private and public patronage of the arts by offering tax concessions on such giving, while the next day the Arts Council and the Midland Bank launched the Arts card, with which its holders can buy an arts company of their choice every time they run up a debt of £100.

The Prince was touching the Government on a raw nerve. It desperately wants the new rich to give some of their wealth to the arts but the Treasury is horrified at offering any tax breaks which could escalate out of control. The official line is that the successive cuts in the top rates of tax should be sufficient incentive to make the wealthy generous benefactors of the arts.

This production the Royal Ballet will present for the first time on Wednesday next. The *Bayadère* thus restored is not Petipa's original. What Makarova offers is a reconstruction, taking the Kirov staging as basis, with her own final act to reveal the full implications of Petipa's dramatic scheme.

For all its differing sources, this *Bayadère*, as I reported from its ABT performances in 1980, is an imaginative response to the ideals of the balletic extravaganzas of Petipa's time. Its entry into the Royal Ballet repertory provides a welcome extension of our knowledge of those 19th century masterpieces that are so fundamental to the identity of our national ballet.

The introduction of payroll giving in the 1987 Budget, whereby employees could nominate a charity (including an arts group) which would receive a fixed untaxed sum as a donation through an employer, has been a complete shambles. Even though the concession was raised to a still pitiful £400 in this year's Budget, the number of arts lovers who have taken advantage of this opportunity is believed to be a few hundred.

The chances of the Government following the American

example and allowing all payments to arts organisations to be tax deductible is nil. In the US this produces \$5b a year for the arts, mainly from companies, but there are signs that the reduction in taxes in the US has made such giving less attractive. Companies now give because being associated with the arts improves their public image rather than for financial reasons.

Certain well publicised abuses – the rich buying works of art which they then donated to a museum in return for an over-inflated valuation which becomes the sum deductible from their tax bill – have also forced stricter controls on the system.

In any case the US is a poor parallel to the UK. There is no history of Government subsidy for the arts. Instead local pride encourages the rich to support their city orchestra, theatre, art gallery, etc. It is also, in a country without titles, the route to social prestige. The Government wants to encourage patronage of the arts in the UK, but it has no desire at all to foot the bill through lost tax revenue.

Which leads to devices like the Midland Bank administered Arts card, a user friendly alternative to Access or Visa. The holder ensures an initial £5 donation to a chosen arts organisation the first time he uses the card, plus 25p for every £100 spent through the card.

In all, over 50 fairly large arts bodies are participants in the scheme which is targeted to raise £2m within five years. The initial aim is 40,000 cardholders, but most arts companies, the likes of the Royal National Theatre, ENO, the Royal Opera, RSC, as well as the Young Vic, London Mozart Players and Hull Truck, will be looking for just £10,000 in extra revenue in the first year from this source. The idea is that this should be spent on new works.

The Arts card is the brainchild of the Arts Council which is aiming to uncover £20m in new money for the arts in

three years. It realises that the chances of getting any more money from the Government are bleak. Three year funding has ensured that the Council knows how much it will receive, and a projected 2 per cent rise set against 7 per cent inflation means potential disaster unless new avenues of revenue can be developed.

This is very much in line with the philosophy of its new chairman Mr Peter Palumbo, who, being a generous patron himself, sees no reason why other millionaires should not share his enthusiasm for buying modern art. One of his first initiatives is an Arts Council Endowment Fund, kicked off by a £1m donation from a well-wishing Swiss resident and with a target of £20m to be raised from friends of the arts who would like to encourage contemporary projects.

The Incentive Funding Scheme, under which the Council matches £1 for every £2 raised by arts bodies under approved business initiatives, has already provided an extra £13m for the arts in its first year. Now the Council is examining the possibility of a trading company, a shop or such like. This is all worlds away from the days when it just divided up its Government grant among hungry clients.

Undoubtedly the arts has embraced *(force majeure)* plural funding and are quite enjoying the experience. But there are many who believe that the Government is not keeping its side of the bargain.

It promised to maintain the level of its support – and that means more than 2 per cent annual increases. There are already signs that arts sponsorship, currently around £20m a year, is starting to level off. Unless the Minister for the Arts, Mr Richard Luce, can squeeze more cash from the Treasury, or come up with some new wheeze, like the successful Business Sponsorship Incentive Scheme, which has brought in £25m in five years, the arts could be in a state of crisis within a year.

"ANTHONY HOPKINS AND G. G. GOEL... A SPELLBINDING PARTNERSHIP."

Irving Wardle
TIMES

"THE POWER PLAY OF THE YEAR."

Michael Owen - EVENING STANDARD

"DAVID HENRY HWANG'S MASTERY BROADWAY IMPORT DISTURBS AND CHALLENGES." Michael Billington - GUARDIAN

"STUNNINGLY DIRECTED BY JOHN DEXTER. THE PLAY IS WORTHY OF A PROMINENT PLACE IN THEATRE HISTORY. OUTSTANDING."

Bill Higginson - SUNDAY MIRROR

"DESTINED TO BE ONE OF THE MOST TALKED ABOUT SHOWS OF THE YEAR."

Maureen Paton - DAILY EXPRESS

"ANTHONY HOPKINS GIVES A PERFORMANCE OF SUCH POWERFUL PERSUASION AND HYPNOTIC INTENSITY IT BRINGS THE AUDIENCE LEAPING TO ITS FEET."

Jack Thacker - DAILY MAIL

"THE WEST END'S BEST PLAY."

Carl Miller - CITY LIMITS

"A new play by DAVID HENRY HWANG."

Directed by JOHN DEXTER

ANTHONY HOPKINS

in M. BUTTERFLY

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SPORT

Bailey brings some British tennis cheer

John Barrett returns to the role of confidence in bringing about sporting victory



Chris Bailey: a babe in terms of international experience

HERE IS only one statue of a player within the 46 hollowed acres of the All England Lawn Tennis and Croquet Club at Wimbledon. Fred Perry stands on a plinth just inside the Doherty gates, frozen in the act of playing his famous running forehand. It was the shot that brought Perry to Britain in the 1930s when he won three successive Wimbledon singles titles and led the British team that four years totally dominated the Davis Cup.

I swear that the reason was smiling last week.

Britain had just beaten Finland to return to the World Group of the famous men's team competition — a first overseas win since 1962. Ten years ago that victory in itself would have been considered unremarkable, for the country that gave lawn tennis to the world 115 years ago would have been expected to beat a nation of 4.5m souls which has no tennis tradition.

But while Britain has been slumbering this past decade, the rest of the tennis world has forged ahead. Even in humble Finland there are more indoor courts than in Britain, and the

two Finnish singles players, Veijo Palohelmo and Olli Rahnasto, themselves obscure by world standards, have international rankings of 111th and 115th respectively, a full 188 points ahead of the combined rankings of Jeremy Bates (154th) and Chris Bailey (20th) who represented Britain.

Why, then, did Britain win? Warren, the 21-year-old, the nuggety 51-year-old Australian who is now in his second year as Britain's national team captain, has no doubts. "The confidence factor was the reason we won. Jeremy, Chris and Andrew (Castle) had prepared well and when it mattered they produced their shots. The Finnish boys were too nervous to play well in front of a small but patriotic home crowd. It often happens. Too much was expected of them."

Confidence, or the lack of it, is a theme which appears repeatedly in these columns because it lies at the heart of every significant sporting success. It is a fragile commodity, ignored or taken for granted when it is flowing and sought with desperation when it has mysteriously evaporated like a summer mist.

Sportmen everywhere are

suffering at present, with last year's Master golfer, Sandy Lyle, for example, failing to make the cut in his last five tournaments. Yet this likeable Scot is still hitting individual golf shots as well as ever. He simply cannot put them together when it matters. He has lost his confidence.

It is the same with the quiet tennis player, Mark Willersey. At first sight it is totally impossible that last year's world champion should have lost twice this year to an unknown, 19-year-old from Argentina. But Alberto Manca's successes at Key Biscayne on cement and in Monte Carlo on clay perfectly illustrate the dilemma that faces even the greatest players when confidence is lost.

For 21-year-old Chris Bailey, a giant physically at 6 ft 5 ins and 190 lbs but a babe in terms of international experience, the confidence gained by winning the crucial third rubber in his first Davis Cup tie was of incalculable value. You simply cannot buy that sort of thing. As he freely admits, the presence of Jacques on court in the captain's chair made all the difference. "He was so calm and

objective," he says. "He helped me to focus on the right things."

Jacques was acutely aware of what Bailey was going through. "It had started to come together in his first match against Palohelmo. I saw him (Bates) had given us the start we wanted by beating him, but Chris was out of his depth at first. He lost the first two sets 6-1, 6-2 without knowing what was happening. But he broke for 5-4 in the third against an increasingly nervous opponent and served out for 6-4.

"Then, in the fourth, he was ahead with a break three times in a row but each time lost his serve. He was missing routine shots through sheer tension and going through all the agonies that every Davis Cup player must learn to live with. When he broke again to serve for two sets all and then lost his own deal (serve) again, I knew that he'd had it. He played a bad tie-break and it was all over. But the important thing is — he knew, Palohelmo knew, everyone knew, he could have won."

Two days later Bailey was back on court with everything to play for. Bates and an

inspired Castle had won the doubles, as expected, to give Britain a 2-1 lead, so morale was high. "Chris told me he had hardly slept after the first match," says Jacques. "He'd played over all the lost chances in his head. That was good — he was learning from the experience."

When the crises came against Rahnasto, Bailey was ready. "A determined recovery from 0-3 brought home the first set 6-4. Then three set points were saved in the second set tie-break that Bailey finally won 12-10 on his 4th set point. Now the crucial points were being won with positive shots. Confidence was flowing. Nor did it evaporate in a close 12-game third set that brought victory for the team."

"That was a fantastic feeling," remembers Bailey. "There were so many different emotions — winning for my country, my own relief, the elation of all the other guys — we had tremendous team spirit — winning for the captain who had chosen me ahead of Andrew."

But Bailey has put this success in the right perspective. "The important thing now is to go out and fight my way up the ladder at Wimbledon will probably be of him."

Time for a break with golfing tradition

Ben Wright argues the case for a controversial way to speed up the game

tem that are unavoidable. For instance, my partner and I were drawn to start in the morning of the first day at the short and tricky par three 4th hole, and in the afternoon of the second day at another, the 14th, at Augusta Country Club.

Most golfers prefer to hit their first shot with a driver, not a short iron, and I am one of them. But that was far less of a handicap than the fate that befell the afternoon starters on the first day. They were hit by a thunderstorm which washed out the last six holes of play. When they returned to complete their first round at dawn the next morning, and then start their second straight afterwards, it was still raining.

By the time we afternoon players got under way — very much later than 1.30pm, of course — the sun was shining

brightly and the wind was not quite so fierce. The golfing axiom that the sport is unfair, but at least it is unfair to everybody, hardly held up on this occasion.

In my opinion, the organisers did two things wrong at this very enjoyable tournament. The first was that they forced both players to count their net scores at the par threes and par fives, while the team's better ball score only counted at the four fours. So par became six for each team at every par three and 10 at all four par fives. No other factor contributed more to slowing down play to a pace that could only be described as funeral at best: a world-wide problem can only increase in severity as the golf boom continues unabated.

Even *Time* magazine turned its attention to this boom in its

May 8 issue. It said that last year 25m golfers teed up at 13,626 courses in the US, a 30 per cent rise since 1985. They spent \$15.6bn at an average of \$67 each, figures expected to double in the next decade.

Prize money on offer on the various professional tours will exceed \$63m this year, as against \$31m only four years ago. And whereas golf was once perceived as the province of the overweight, elderly and rich male, today 40 per cent of the 2m newcomers are women.

The National Golf Foundation recently declared that 4,000 new courses would have to be built in the US before the end of the century to satisfy the demand at even its current level. Last year, only 211 opened their gates.

The trouble with this boom is that few of the newcomers

know or care to learn the rules or the etiquette of the game. But they do know how to imitate the ridiculous antics of the top professionals they watch on television consulting their yardage charts, pacing all over the place and indulging in the idiotic and infamous "plumb bobbing." The latter involves staring with one eye closed at the shaft putter held vertically at arm's length in order to ascertain the lie of the land and thus gauge the break involved for each putt.

The second mistake made by the Augusta Golf Association last weekend was to abandon the extra-large hole they have cut in one green, usually the 18th, in recent years, as a gimmick, because I honestly believe that therein lies golf's possible salvation from the creeping paralysis of slow play

that is a cancer on the game.

Ben Hogan once said that if the diameter of the golf hole was increased from 4½ inches to at least 6 ins, there would be far less undue emphasis on putting. In my opinion, he was dead on target. At least 90 per cent of the people who complain to me about television coverage of golf mean about over short putts and that the hackers imitate so slavishly.

And if more putts of 20 ft and upwards were held for birdies and eagles, so much the better,

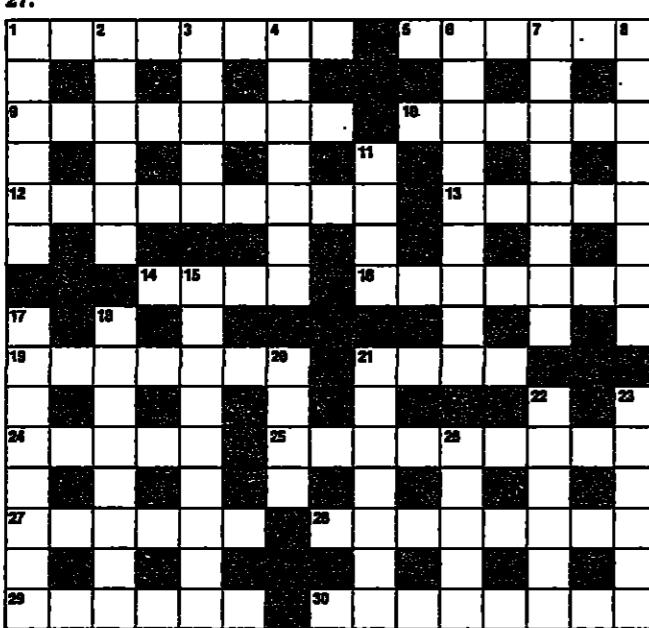
because the game would not only be speeded up enormously, it would also be vastly more exciting.

As a traditionalist, I hate even to think about this idea, but I honestly believe that its time has come. I would also eliminate completely the playing of a provisional ball from the tee or forcing any player to return to a tee to hit a second ball if the first is lost. A second ball should be dropped as close as possible to the spot at which the first disappeared or went out of bounds, with a penalty of one shot. Pacing out of yardages would be banned, as it has been recently (and so sensibly) by the New England PGA. The game would still have its minor imperfections, but at least it might proceed at a more respectable pace.



CROSSWORD

No. 6,933 Set by CINEPHILE. Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday May 24, marked Crossword 6,933 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 27.



BBC1

820 am Rodsack, 820 Magged Bobbs, 820 The Weather, 820 Kicker, 820 Fluc: A Gift for Held?, 822 pm Weather, 826 Grandstand, including 1232 Gymnastics, 827 The Great British Comedy Show, 828 The Queen's Diamond Jubilee, 829 News, 829 Boxing from London, 830 Motor Racing (Round 3 of the Esso British Grand Prix), 830 Tennis, 831 Thrills and spills, 832 Boxing from Lingfield Park, 836 Gymnastics, 838 The Queen's Diamond Jubilee, 839 News, 840 Tennis, 841 Cricket, 842 Boxing from Lingfield Park, 846 Swimming, 848 Racing from Lingfield Park, 850 Rugby Union, 852 News, 853 Roy Castle, 854 The Queen's Diamond Jubilee, 856 Weather, 857 Sports, 858 The Odd Couple, 859 All That Jazz, 860 Star Trek, 861 Star Trek, 862 Star Trek, 863 Star Trek, 864 Star Trek, 865 Star Trek, 866 Star Trek, 867 Star Trek, 868 Star Trek, 869 Star Trek, 870 Star Trek, 871 Star Trek, 872 Star Trek, 873 Star Trek, 874 Star Trek, 875 Star Trek, 876 Star Trek, 877 Star Trek, 878 Star Trek, 879 Star Trek, 880 Star Trek, 881 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